University of Arkansas System

Little Rock, Arkansas

Basic Financial Statements
and Other Reports

June 30, 2015

LEGISLATIVE JOINT AUDITING COMMITTEE

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University of Arkansas System
Legislative Joint Auditing Committee

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the aggregate discretely presented component units of the University of Arkansas System (University), an institution of higher education of the State of Arkansas, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the University of Arkansas for Medical Sciences, a unit of the System, whose statements reflect total assets and revenues constituting 33% and 49%, respectively, of the related combined totals. Additionally, we did not audit the financial statements of the University of Arkansas Foundation, Inc., and the University of Arkansas Fayetteville Campus Foundation, Inc., which represent 100% of the assets and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the University of Arkansas for Medical Sciences, the University of Arkansas Foundation, Inc., and the University of Arkansas Fayetteville Campus Foundation, Inc., is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the University of Arkansas Foundation, Inc., and the University of Arkansas Fayetteville Campus Foundation, Inc., were not audited in accordance with *Government Auditing Standards.*

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component units of the University as of June 30, 2015, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Notes 1, 13, and 22 to the financial statements, the beginning net position, as reported on the Statement of Revenues, Expenses, and Changes in Net Position, was restated due to the implementation of GASB Statement no. 68, *Accounting and Financial Reporting for Pensions, an amendment of GASB Statement no. 27* and GASB Statement no. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date, an amendment of GASB Statement no. 68*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, certain information pertaining to pensions, and certain information pertaining to postemployment benefits other than pensions on pages 9-16, 77-78, and 78-80 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the University's basic financial statements. The Schedule of Selected Information for the Last Five Years (Schedule 1), the Statement of Net Position by Campus (Schedule 2), the Statement of Revenues, Expenses, and Changes in Net Position by Campus (Schedule 3), the Statement of Cash Flows – Direct Method - by Campus (Schedule 4) are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Statement of Net Position by Campus, the Statement of Revenues, Expenses, and Changes in Net Position by Campus, and the Statement of Cash Flows – Direct Method – by Campus are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected by us and other auditors to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit, the procedures performed as described above, and the report of the other auditors, the Statement of Net Position by Campus, the Statement of Revenues, Expenses, and Changes in Net Position by Campus, and the Statement of Cash Flows – Direct Method – by Campus are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Schedule of Selected Information for the Last Five Years has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 16, 2015 on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.

ARKANSAS LEGISLATIVE AUDIT

Roger Norman

Roger A. Norman, JD, CPA, CFE
Legislative Auditor

Little Rock, Arkansas
November 16, 2015
EDHE14115

LEGISLATIVE JOINT AUDITING COMMITTEE
ARKANSAS LEGISLATIVE AUDIT

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

INDEPENDENT AUDITOR'S REPORT

University of Arkansas System
Legislative Joint Auditing Committee

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and the aggregate discretely presented component units of the University of Arkansas System (University), an institution of higher education of the State of Arkansas, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the University's basic financial statements, and have issued our report thereon dated November 16, 2015. Our report includes a reference to other auditors who audited the financial statements of the University of Arkansas for Medical Sciences, the University of Arkansas Foundation, Inc., and the University of Arkansas Fayetteville Campus Foundation, Inc., as described in our report on the University's financial statements. This report includes our consideration of the results of the other auditors' testing of internal control over financial reporting and compliance and other matters, pertaining to the University of Arkansas for Medical Sciences, that are reported on separately by those other auditors. However, this report, insofar as it relates to the results of the other auditors, is based solely on the report of the other auditors. The financial statements of the University of Arkansas Foundation, Inc., and the University of Arkansas Fayetteville Campus Foundation, Inc., were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the University's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, we do not express an opinion on the effectiveness of the University's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the University's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we and the other auditors did not identify any deficiencies in internal control that we consider to be material weaknesses. Other auditors identified a certain deficiency in internal control, described below in the Audit Findings section of this report, that we and the other auditors consider to be a significant deficiency.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the University's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of the state constitution, state laws and regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests and those of the other auditors disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the University in a separate letter dated November 16, 2015.

AUDIT FINDINGS

Significant Deficiency - University of Arkansas for Medical Sciences

As reported by other auditors, the UAMS Information Services Department manages several applications that support the production of the financial statements. These applications include SAP, Oasis, and Epic. Our audit procedures are designed to assess the design effectiveness of the underlying Information Technology General Controls (ITGCs) for these applications. Broadly defined, underlying ITGCs are controls within the domains of Security, Application Change Management, and Application Development that provide the foundation to support the completeness, accuracy, and validity of transactions processed for financial reporting. We noted that the prior year issues related to HBOC have been removed as HBOC is no longer an in scope application. While we noted through our design assessments that management has remediated the deficiency related to the review of Oasis application access and administrative user access, our assessment of the design effectiveness of the information technology general controls for the period ended June 30, 2015 resulted in ongoing exceptions related to the design effectiveness of Logical Security Controls for the following:

- **User Access Review:** Based on our inquiries with management, a process has been designed to support the periodic review of user access to SAP and an initial implementation of this review process has started. However, the periodic review of user access to SAP was not in place to provide coverage for the entire period. We will evaluate the design effectiveness of the SAP user access review in conjunction with our June 30, 2016 audit.

- **Terminated Users:** Terminated users continued to have user transaction access privileges to SAP, Oasis, and Epic subsequent to their termination date. The access was not removed timely because HR back-dated the terminations.

- **Administrative Access and Review:** Although an Epic operating system ("OS") privileged access review is performed, it is incomplete in that it does not include a review of superuser ("su") log activity which would allow management to detect inappropriate root access through superuser ("su").

- **Access to Production:** Individuals with development responsibilities have the ability to access the production environment for EPIC. Based on our inquiries with management, while management implemented an informal process to periodically review that developers did not promote their own code outside of the change management process, the control is not consistently performed and documented with relevant action items arising out of the review.

Inappropriate elevated access, coupled with developer access to production, could result in unapproved changes impacting financial reporting being promoted to the production environment and key financial data/programs (e.g., general ledger data) being intentionally or unintentionally modified.

Recommendation by Other Auditors:

Management should continue to formalize its control activities related to Information Technology General Controls. Additionally, management should continue ongoing controls education and awareness sessions around the responsibility of the control owners for executing the controls and creating and maintaining the related documentation evidencing that controls are operating consistently, timely, and effectively. Where necessary, these sessions should also extend to those control owners residing outside of Information Services that have responsibility for user access controls.

Management Response:

User Access Review: UAMS implemented a new process for reviewing all SAP user access However, the new process was not completed until June 30th. Management has now incorporated this into an annual schedule for completion by supervisors and functional system owners.

Terminated Users: The current termination policy and process will be revised to require that no terminations are effective until the Office of Human Resources receives notification and that the notification indicates a future termination date. This will eliminate backdating issue. The Office of Human Resources will be responsible for managing all termination processes including the termination of employee access to UAMS ERP systems. The new process will be in effect no later than December 31, 2015.

Administrative Access and Review: The Super User activity log was not part of the original privileged access review. It was initiated on June 19th with new procedures and a review was conducted prior to the end of the fiscal year in which no inappropriate use of privilege access was found. The Division of Information Technology has established procedures to review the log quarterly.

Access to Production: In Epic there are users that have the ability to move changes into production. Some of these are limited to specific functions (provisioning, printer configurations) and are not developers or builders. Reports are generated weekly of the daily data courier moves to production. These moves are monitored by the IT Technical Security team, since February 3, 2015 and to date no miss-use has been found. The individuals with these development responsibilities are not developing and moving code. They are developing user templates, security classes, views, reports, and provisioning appropriate accesses to Epic.

University's Response to Findings

The University's response to the findings identified in our audit, excluding the management letter findings, is described previously. The University's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the University's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

ARKANSAS LEGISLATIVE AUDIT

Larry W. Hunter

Larry W. Hunter, CPA, CFE
Deputy Legislative Auditor

Little Rock, Arkansas
November 16, 2015

Arkansas

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Senate Chair
Sen. Linda Chesterfield
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Rep. Sue Scott
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Roger A. Norman, JD, CPA, CFE, CFF
Legislative Auditor

LEGISLATIVE JOINT AUDITING COMMITTEE
ARKANSAS LEGISLATIVE AUDIT

MANAGEMENT LETTER

University of Arkansas System
Legislative Joint Auditing Committee

We would like to communicate the following items that came to our attention during this audit. The purpose of such comments is to provide constructive feedback and guidance, in an effort to assist management to maintain a satisfactory level of compliance with the state constitution, laws and regulations, and to improve internal control. These matters were discussed previously with University officials during the course of our audit fieldwork and at the exit conference.

UNIVERSITY OF ARKANSAS COMMUNITY COLLEGE AT BATESVILLE

University personnel discovered funds totaling $3,077 from a student nursing club had not been deposited but were kept in a locked box in the custody of a student who served as the club's Treasurer. University Administration requested an investigative report from a local police department. Subsequently, the Treasurer resigned and reimbursed $3,077 to the club, indicating a friend had taken the money.

UNIVERSITY OF ARKANSAS, COOPERATIVE EXTENSION SERVICE

The University of Arkansas System Internal Audit Department (IAD) conducted an audit of certain transactions at the Division of Agriculture Cooperative Extension Service (CES) – Searcy County Office involving three bank accounts in the custody of the Administrative Specialist, who served for the period July 1, 2012 through May 31, 2014. CES Administration requested an investigative report from a local police department and an internal audit. IAD concluded that funds totaling $14,810 were unaccounted for due to the following unauthorized transactions:

- 17 of 45 checks issued, totaling $8,243, were for unauthorized, unrelated business purposes.
- Fees and donations collected totaling $5,230 and poultry auction proceeds of $1,278 were not deposited into an authorized CES bank account.
- Insufficient fund check and related fee of $59 resulted from a personal check of the Administrative Specialist.

UNIVERSITY OF ARKANSAS, FAYETTEVILLE

The IAD verified that a Police Department employee received $1,261 in compensation based on improper timesheets. The University collected $1,250 via payroll deductions from this employee's final paycheck.

The IAD reviewed the unauthorized sale of University football media guides, apparel, and complimentary tickets by an employee of the Athletic Department. IAD calculated that the former employee owed the University a minimum of $274 from the unauthorized sale of football media guides belonging to the University, in addition to the $1,330 the University had already recovered through the employee's final payroll withholding for the employee's estimated proceeds from the sale of his University-issued complimentary tickets and unauthorized use of a University mail account, in noncompliance with University policy.

UNIVERSITY OF ARKANSAS FOR MEDICAL SCIENCES

The University of Arkansas System Internal Audit Department (IAD) conducted an audit of certain transactions involving the University's June 30, 2015, monthly payroll. After the University's Information Technology Department determined that a phishing scheme email had entered the University's email exchange servers, UAMS administration requested an investigative report from a campus police department and an internal audit. IAD verified that nine employees' monthly payroll direct deposits were diverted to other bank accounts. The total of the direct deposit funds that were diverted due to the employees responding to an email scheme was $148,117. Subsequently, the University issued an additional June 2015 payroll to these employees via paper checks resulting in overpayments of $148,117. The University was able to recover $82,713 by working with the banks and employees involved, resulting in a net loss of $65,404 to the University from payroll overpayments to four of the employees.

UNIVERSITY OF ARKANSAS AT MONTICELLO

University management discovered that a former employee had misused a University fuel card for purchases totaling $8,210 during the period September 10, 2010 through June 4, 2013. According to University management, the applicable prosecuting attorney who was notified indicated that charges would be filed against the individual if reimbursement was not obtained. Subsequently, the former employee reimbursed $8,210 to the University.

UNIVERSITY OF ARKANSAS AT PINE BLUFF

During its audit of Treasury transactions, the University of Arkansas System Internal Audit Department (IAD) discovered that the Associate Professor/Director of Theatre had misappropriated $808 from an unauthorized bank account opened in September 2014. UAPB Administration requested an investigative report from the campus police department. The $808 was recovered from the employee's final paycheck.

STUDENT ENROLLMENT DATA - In accordance with Ark. Code Ann. § 6-60-209, we performed tests of the student enrollment data for the year ended June 30, 2015, as reported to the State Department of Higher Education, to provide reasonable assurance that the data was properly reported. The enrollment data reported was as follows:

	Summer II Term 2014	Fall Term 2014	Spring Term 2015	Summer I Term 2015
Student Headcount	9,297	59,118	54,366	16,435
Student Semester Credit Hours	37,906	685,663	627,369	74,373

During our review, we noted the following item:

PHILLIPS COMMUNITY COLLEGE OF THE UNIVERSITY OF ARKANSAS

To verify the accuracy of student enrollment data submitted to the Arkansas Department of Higher Education, we examined supporting documentation and discovered two students, reported as enrolled, had withdrawn from a Spring 2015 class, prior to the eleventh class day.

This letter is intended solely for the information and use of the Legislative Joint Auditing Committee, the governing board, University management, state executive and oversight management, and other parties as required by Arkansas Code, and is not intended to be and should not be used by anyone other than these specified parties. However, pursuant to Ark. Code Ann. § 10-4-417, all reports presented to the Legislative Joint Auditing Committee are matters of public record and distribution is not limited.

ARKANSAS LEGISLATIVE AUDIT

Larry W. Hunter

Larry W. Hunter, CPA, CFE
Deputy Legislative Auditor

Little Rock, Arkansas
November 16, 2015

Introduction

The University of Arkansas System ("the University") is pleased to present its financial statements for the fiscal year ended June 30, 2015. While audited financial statements for fiscal year 2014 are not presented in this report because of implementation of new GASB pronouncements, condensed operations and financial position data will be presented in this discussion and analysis in order to illustrate certain increases and decreases.

The University, which prior to 1969 consisted of the Fayetteville and Medical Sciences campuses, was expanded in 1969 to include the Little Rock campus (formerly Little Rock University), in 1971 to include the Monticello campus (formerly Arkansas A&M College), in 1972 to include the Pine Bluff campus (formerly Arkansas AM&N College), in 1996 to include the Phillips campus (formerly Phillips County Community College), and the Hope campus (formerly Red River Technical College), and in 1998 to include the Batesville campus (formerly Gateway Technical College). On July 1, 2001, the University was expanded to include campuses in Morrilton (formerly Petit Jean College) and DeQueen (formerly Cossatot Community College). The Fort Smith campus (formerly Westark College) joined the University on January 1, 2002. Forest Echoes Technical Institute and Great Rivers Technical Institute merged with the Monticello campus on July 1, 2003. The Arkansas School for Mathematics, Sciences and the Arts joined the University on January 1, 2004. In addition to these campuses, the University of Arkansas System includes the following units: Clinton School of Public Service, Division of Agriculture, Archeological Survey, Criminal Justice Institute, *e*Versity, and the System Administration.

All programs and activities of the University of Arkansas are governed by its Board of Trustees, which has delegated to the President the administrative authority for all aspects of the University's operations. Administrative authority is further delegated to the Chancellors, the Vice President for Agriculture, the Dean of the Clinton School, the Director of the Criminal Justice Institute, the Director of Archeological Survey, and the Director of Arkansas School for Mathematics, Sciences and the Arts, who have responsibility for the programs and activities of their respective campuses or state-wide operating division.

Overview of the Financial Statements and Financial Analysis

The University's financial statements were prepared in accordance with standards issued by the Governmental Accounting Standards Board (GASB). The financial statement presentation required by GASB Statement no. 35, *Basic Financial Statements-and Management's Discussion and Analysis-for Public Colleges and Universities,* along with subsequent statements that amended Statement 35, provide a comprehensive, entity-wide perspective of the University's assets, deferred outflows, liabilities, deferred inflows, net position, revenues, expenses, changes in net position, and cash flows. This discussion has been prepared by management and should be read in conjunction with the financial statements and notes following this section.

For the year ended June 30, 2015, the University adopted GASB Statement no. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement no. 27,* and GASB Statement no 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement no. 68.* These statements established standards of accounting and financial reporting for defined benefit pension plans and defined contribution pension plans. As a result, the beginning Net Position for FY2015 was reduced by $40.3 million. At June 30, 2015, the University is reporting deferred outflows of resources attributable to pension plans of $8.4 million, pension liabilities of $32.2 million, and deferred inflows of resources attributable to pension plans of $13.7 million. Sufficient information was not available to restate the FY14 statements, and therefore no comparative amounts for FY2014 are presented. Additional information about the effects of the implementation of these statements can be found in Note 13.

Overview of the Financial Statements and Financial Analysis (Continued)

The University has identified two foundations as component units subject to inclusion in the financial report: the University of Arkansas Foundation, Inc. and the University of Arkansas Fayetteville Campus Foundation, Inc. As component units, their financial information is included in this financial report in accordance with GASB Statement no. 39, *Determining Whether Certain Organizations Are Component Units.* Additional information regarding these foundations is provided in Note 1 of the financial statements.

Statement of Net Position

The statement of net position presents the financial position of the University and includes all assets, deferred outflows of resources, liabilities, and deferred inflows of resources. The sum of total assets and deferred outflows of resources less total liabilities and deferred inflows of resources is net position, which is an indicator of the current financial condition of the University. When revenues and other support exceed expenses, the result is an increase in net position. When the reverse occurs, there is a decrease in net position. Over time, increases or decreases in an institution's net position are one, but not the only, indicator of whether its financial health is improving or diminishing.

Assets and liabilities are identified as current or noncurrent. Current assets are those assets that can be realized in the next fiscal year, and current liabilities are expected to be paid within the next year. Noncurrent assets and liabilities are not expected to be realized as cash or paid in the next fiscal year. Assets, deferred outflows of resources, liabilities, and deferred inflows of resources are generally measured using current values, with the exception of capital assets, which are stated at historical cost less accumulated depreciation.

Net position is divided into four major categories:

> *Net investment in capital assets:* capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets.
> *Restricted – non-expendable:* net position subject to externally-imposed stipulations that it be maintained permanently by the University.
> *Restricted – expendable:* net position whose use by the University is subject to externally-imposed stipulations that can be fulfilled by actions of the University pursuant to those stipulations or that expire by the passage of time.
> *Unrestricted:* net position that is not subject to externally imposed stipulations but can be used at the discretion of the governing board to meet current expenses for any purpose if not limited by contractual agreements with outside parties.

Condensed Statement of Net Position

	June 30, 2015	June 30, 2014
ASSETS		
Current assets	$ 838,908,655	$ 815,366,316
Capital assets, net	2,635,668,882	2,588,971,402
Other assets	365,522,423	436,958,448
Total Assets	3,840,099,960	3,841,296,166
DEFERRED OUTFLOWS OF RESOURCES	29,707,312	15,057,640
LIABILITIES		
Current liabilities	285,882,339	267,910,051
Noncurrent liabilities	1,435,852,495	1,444,471,269
Total Liabilities	1,721,734,834	1,712,381,320
DEFERRED INFLOWS OF RESOURCES	13,720,266	
NET POSITION		
Net Investment in Capital Assets	1,364,040,122	1,361,813,338
Restricted		
Non-Expendable	68,427,641	67,095,362
Expendable	258,870,691	232,118,779
Unrestricted	443,013,718	482,945,007
Total Net Position	$ 2,134,352,172	$ 2,143,972,486

Statement of Net Position (Continued)

The University's total assets decreased $1.2 million, resulting from several offsetting variances, including an increase of $59.2 million in cash and investments. Accounts receivable related to patient care decreased $1.7 million. A decrease in other accounts receivable of $15.9 million includes a decrease of $18.3 million in health related services offset by an increase of $3.1 million in student accounts. Miscellaneous assets increased $5.3 million. Deposits with bond trustees, representing unspent debt proceeds and bond reserve funds, decreased $94.8 million, which reflects the continued spending of earlier bond proceeds for ongoing construction projects. No bonds were issued for new construction in FY15. Capital assets increased $46.7 million.

Deferred outflows of resources consist of deferred amounts on refinancing of debt and deferred amounts related to pensions. Overall, deferred outflows increased $14.7 million. Deferred amounts on refinancing of debt increased $6.3 million and are related to four new refunding bond issues, offset by scheduled amortization. As previously discussed, deferred amounts related to pensions of $8.4 million are a result of implementation of new GASB statements.

Total liabilities increased $9.4 million and also resulted from several offsetting variances. Estimated third party payor settlements related to the Medicare and Medicaid programs at UAMS decreased $5.3 million. Compensated absences (see Note 4) and other post-employment benefits (see Note 14) increased a total of $8.6 million. Accounts payable and other accrued liabilities increased $14.1 million. The liability for bonds, notes, capital leases and installment contracts decreased $46.5 million as no new bonds were issued for construction projects and debt was paid down with scheduled payments. A pension liability of $32.2 million was established with implementation of new GASB statements as discussed earlier. The liability for future insurance claims increased by $6.3 million and is due to the UA Health Plan experiencing significant losses in FY15 with an overall plan loss ratio of 112%. The primary cause of the poor experience was a very high level of catastrophic claims.

Deferred inflows of resources related to pension plans of $13.7 million were reported in FY15 as a result of implementation of new GASB statements.

The net increases in assets and deferred outflows of resources of $13.5 million netted against net increases in liabilities and deferred inflows of resources $23.1 million resulted in a decrease of $9.6 million in total net position for the University. Net investments in capital assets, restricted, and unrestricted are the three components of net position which experienced an increase of $2.2 million, an increase of $28.1 million and a decrease of $39.9 million, respectively. UAF and UAFS experienced increases of $58.7 million and $13.6 million, respectively. These increases were offset by decreases of $7.8 million for UALR, $34.1 million for UAMS, $2.7 million for UAM, $4.3 million for UAPB, $21.0 million for System Administration, and $12.0 million for the two-year campuses along with ASMSA. Contributing factors to the decrease in unrestricted net position are discussed in the following section.

Statement of Revenues, Expenses ,and Changes in Net Position

Changes in total net position are the result of activity presented in the statement of revenues, expenses, and changes in net position. The statement presents operating and non-operating revenues received and expenses incurred by the University, along with any other revenues, expenses, gains and losses. The operating losses of $645.9 million and $689.1 million in fiscal years 2015 and 2014, respectively, are of little significance to the University since the GASB requires a significant portion of revenues (state appropriations, gifts, and some grants and contracts) to be reported as non-operating.

Statement of Revenues, Expenses and Changes in Net Position (Continued)

	Year Ended	
	June 30, 2015	June 30, 2014
Operating revenues	$ 1,970,520,771	$ 1,841,967,925
Operating expenses	2,616,432,179	2,531,083,604
Operating Loss	(645,911,408)	(689,115,679)
Non-operating revenues and expenses	622,205,701	694,316,513
Income before other revenues and expenses	(23,705,707)	5,200,834
Other revenues and expenses	54,361,141	49,537,562
Increase in Net Position	30,655,434	54,738,396
Net Position, beginning of year restated	2,103,696,738	2,089,234,090
Net Position, end of year	$ 2,134,352,172	$ 2,143,972,486

Operating revenue increased $128.6 million, of which almost 80% or $101.8 million is from an increase in net patient service revenues due primarily to an increase in both inpatient and outpatient volumes, lower rates of uncompensated care and higher acuity cases. Net student tuition and fees increased $14.4 million, reflecting an increase for UAMS of $5.2 million and UAF of $22.8 million offset by a decrease for UALR of $13.1 million. The increases for UAMS and UAF were both a result of enrollment growth and rate revisions. The decrease at UALR was due to a change in the calculation of scholarship allowances. Athletic income increased $18.6 million from an increase for UAF of $19.6 million offset by a decrease for UALR of $1.0 million. UAF's increase is attributable to increases in post-season and SEC conference distributions, an additional home football game, and the reclassification of trademark licensing revenue, and UALR's decrease is attributable to a decreased number in enrollment. Operating grants and contracts collectively decreased $6.9 million, mainly due to activity on four campuses. UAMS experienced decreases of $14.6 million, primarily due to decreased research grant funding from the Department of Health and Human Services of approximately $21.3 million offset by an increase of $7.6 million, primarily due to increased contract activity in the College of Medicine. The Fayetteville and Little Rock campuses had increases of $9.0 million and $5.0 million, respectively, primarily as a result of timing of certain awards and other cyclical changes. There was a decrease of $6.1 million for the Pine Bluff campus due to the completion of a Title III grant in FY14.

Total operating expenses increased $85.4 million. Compensation and benefit costs increased $32.5 million, or 2.25%, over the previous year. Compensation and benefit expense related to patient care increased by $34.2 million at UAMS, which was offset by reductions in divisions not providing direct patient care, for a net increase of $25.7 million. The implementation of GASB statements related to pensions also impacted compensation and benefits with increased pension expense. Expense related to the UA Health Plan increased $24.4 million due to a very high level of catastrophic claims in FY15 with an overall plan loss ratio of 112%. The cost of supplies and services increased $41.6 million, of which $25.5 million is attributable to UAMS and $11.6 million to the Fayetteville campus. The increase at UAMS was due mainly to increases in medical supplies, primarily for a higher surgery volume and drugs and medicines for patient care, partially offset by a decrease in professional services required for the three-year Broadband Technology Opportunities Program, a federal grant, completed in the first quarter of FY15. Depreciation expense increased $7.6 million. A decrease of $20.7 million in scholarships and fellowships was primarily caused by a reclassification of scholarship expense to scholarship allowances of $15.5 million at the Little Rock campus.

Statement of Revenues, Expenses and Changes in Net Position (Continued)

Net non-operating revenues decreased by $72.1 million. This was in large part due to decreases of $30.0 million in net state appropriations for UAMS from a reduction in appropriations of $13.5 million and an increase of $16.5 million in Medicaid match payments. However, the increase in Medicaid match payments translates to additional gross payments from an increase in Medicaid patients. Investment income decreased $27.0 million due to market performance. Non-operating grants decreased $8.9 million and non-capital gifts decreased $5.2 million.

Other changes in net position increased $4.8 million, of which $21.3 million is a decrease in capital appropriations, largely from state General Improvement Funds received in FY14. Capital gifts increased $27.8 million, of which $12.4 million is for five separate capital building projects on the Fayetteville campus and $12.9 million for the construction of a new art and design building on the Fort Smith campus.

Gifts reported reflect only a portion of the gifts available to the University. Most gifts for the benefit of the University are made to the University of Arkansas Foundation, whose financial information is presented in Note 1.

Additionally, net position was decreased by $40.3 million, which was the effect of the restatement required for the beginning FY15 net position required by new GASB statements as previously discussed (see Note 22).

Statement of Cash Flows

The purpose of the statement of cash flows is to provide information about the cash receipts and disbursements of the University for the year. This statement may aid in the assessment of the University's ability to meet obligations as they become due, the need for external financing, and the ability to generate future cash flow. This statement is prepared using the "direct method" as required by the GASB.

Similar to operating loss on the statement of revenues, expenses, and changes in net position, net cash provided by operating activities is of little significance to the University because the GASB requires significant sources of cash to be reported as non-operating financing. The net cash provided by the combination of operating activities and non-capital financing activities is a much more meaningful number for the University. The positive amounts of $216.0 million and $193.1 million for fiscal years 2015 and 2014, respectively, indicate that these activities contributed cash and liquidity for the year. Cash used by capital and related financing activities reflects the University's continued use of debt to finance the acquisition of capital assets.

Condensed Statement of Cash Flows

	Year Ended	
	June 30, 2015	June 30, 2014
Cash provided (used) by:		
Operating activities	$ (442,946,388)	$ (505,210,405)
Noncapital financing activities	658,896,460	698,300,455
Sub-Total	215,950,072	193,090,050
Capital and related financing activities	(171,988,433)	(232,473,613)
Investing activities	(25,032,258)	104,548,370
Net change in cash	18,929,381	65,164,807
Cash, beginning of year	441,684,117	376,519,310
Cash, end of year	$ 460,613,498	$ 441,684,117

Capital Assets and Long-Term Debt Activity

At June 30, 2015, the University had $2.6 billion of capitalized assets, net of accumulated depreciation of $2.1 billion. Net capital additions in fiscal year 2015 totaled $203.7 million which was offset by a net adjustment to accumulated depreciation of $157.0 million, resulting in an increase over the previous year of $46.7 million.

New debt issued for bonds, notes, and capital leases offset by payments of principal caused a net decrease of $46.5 million in debt for fiscal year 2015. The University issued a total of $181.9 million in bonds, all of which represents refunding issues for the Fayetteville, Medical Sciences, and Phillips campuses. More detailed information about debt activity is presented in Note 7.

Economic Outlook

The University's net position decreased $9.6 million in fiscal year 2015. This includes an adjustment to decrease the FY15 beginning position by $40.3 million, which was the effect of restatements required by new GASB Statements as previously discussed (see Note 22). Moody's Investors Service last reaffirmed the University's rating of Aa2 with a stable outlook on March 5, 2015. One of the University's greatest strengths is the diverse stream of revenue which funds its operations, including tuition, patient services revenue, state appropriations, investment income, grants and contracts, and support from individuals, foundations, and corporations. Because the Fayetteville campus and the Medical Sciences campus account for 75.4% of total net position and 88.4% of operating revenues, discussion below is centered on these two campuses.

UAMS -- Total net position decreased $34.1 million in FY15, $8.0 million of which was an adjustment to decrease the beginning FY15 net position due to changes in reporting pension liability. The total net position decrease included a decrease of $25.0 million in unrestricted net position. Several factors contributed to this. One of the most significant was the change in reporting pension liability. There was also an unexpected increase in health insurance costs that required the university to absorb $3.4 million in added expense during the latter part of the fiscal year. Employee-paid health insurance premiums were modified effective July 1, 2015, and other changes in the health insurance program were implemented, to ensure that claims costs are covered moving forward. UAMS is continuing to monitor its healthcare costs under the current plan to determine if further adjustments may be necessary prior to the next open enrollment period.

Mid-year staff salary increases, both across the board raises and market-based adjustments, were given to address mounting concerns about the competitiveness of current compensation at UAMS and its impact on staff retention. Staff at UAMS had not received across-the-board raises for a period of three years. Though modest as a percentage increase against current compensation levels, the raises and market adjustments added $6.7 million in unplanned expense.

UAMS also decided to make a strategic investment in FY15 to launch a new orthopedics clinic. Despite high initial start-up costs, the clinic is expected to pay significant dividends in the future. As part of UAMS' strategy to expand its reach in Arkansas, two more primary care clinics are expected to open in FY16.

UAMS continues to see a decline in federal National Institute of Health funding support and overall sponsored program support. Funding for federal grants and contracts is down $21.3 million, or 24% from the prior year. Expanding research funding, however, is a high priority in FY16. A Clinical Translational Science Award (CTSA) proposal will be resubmitted as a cornerstone of renewed efforts to obtain external funding. It is also anticipated that a research grant proposal submitted through the Myeloma Research Institute will receive approval and result in significant research dollars. Changes to current research administrative support structures and processes are planned also to assist in competing for industry sponsored clinical trials and other external funding sources.

Economic Outlook (Continued)
UAMS (Continued)

Federal funding for Medicaid and Medicare Disproportionate Share Hospital (DSH) payments is expected to undergo a sharp decline in the future years as changes in the program begin to take effect. Medicaid DSH reductions are expected as part of the provisions of the federal Affordable Care Act (ACA). UAMS' Medicaid DSH payments could decline by 10% in FY16 and drop by as much as 44% from current levels in FY19. Although Medicare DSH payments may remain relatively high for UAMS due to the state's decision to expand Medicaid under the private option model, this is expected to change beginning in 2017 as Medicaid shifts from patient day reimbursement to supporting true costs associated with treating uninsured patients.

On the positive side, UAMS continues to experience a relatively low rate of uncompensated care due to the continuation of the private option expansion of Medicaid in Arkansas (2.4%, down from approximately 13.5% before the expansion). Other favorable factors include improved charge capture through the use of the Epic integrated clinical information system implemented in May 2014, increased patient volume and improved payer mix, all contributing to net patient revenues in FY15 that exceeded the previous year by $101.8 million or 11.1%. UAMS benefited in FY15 through temporary and permanent state funding support to mitigate the impact of a $13.5 million decrease in budgeted state appropriations. For FY16, the state has granted a one-time $7 million reduction in the Medicaid matching funds UAMS provides to the state of Arkansas. State appropriations for FY16 remain relatively flat over the prior fiscal year.

UAMS completed the refinancing of its Series 2006 bonds in FY15. Due to very favorable interest rates, the refinancing yielded net present value savings exceeding $9 million, or 10%. Future capital investment plans are being assessed. No new bond issues are contemplated for FY16.

FY15 was a year of change at UAMS as performance improvement plans and organizational restructuring efforts began in earnest. The transition to service lines, a key part of its clinical integration strategy, was completed on July 1, 2015. The financial and operational integration of clinical functions is expected to reduce costs and create greater efficiency while preparing UAMS to better handle anticipated changes in reimbursement and payment methodologies.

Accompanying this change was a change in the budget process for FY16, essentially ending the ability of individual units and departments to budget both expenses and revenues. Instead, each department received an allocation, an expense budget, with revenues retained at the clinical or campus level. This has had a very positive effect on the University's ability to manage and control budgets and spending.

Other organizational redesign efforts that are expected to be completed in FY16 to increase efficiency and effectiveness, provide improved service to its patients, students and employees and reduce unnecessary cost include: the creation of a contract administration office, a shared services unit to support research administration, the consolidation of disparate continuing education units into a single entity and restructuring of administrative support within the College of Medicine.

There are many positive changes underway that will lead to a much leaner operating environment in the future. This will be essential to meet the challenges that are already occurring in the healthcare and higher education industries. Current leadership is firmly in support of these efforts to transform the University, and committed to achieving future success. Though the economic outlook remains uncertain, due in large measure to changes that might be implemented in the state's private option Medicaid program, UAMS is taking the right steps to meet the challenges ahead.

Economic Outlook (Continued)

Fayetteville -- Enrollment records continue to be broken, with a preliminary figure of 26,754, an increase of 517, for fall 2015. Since 2008, enrollment has increased 39%, or more than 7,500 students.

The campus continues to build momentum for its next comprehensive fundraising campaign. Fundraising production totals for private gift support has exceeded $100 million for five consecutive years. Production amounts include gifts of cash, gifts-in-kind, planned gifts, and new pledges. In FY15, the campus recognized $116.5 million of private gift support, surpassing its goal of $112 million. This support is critical to ensure success for students and faculty and is a fundamental component in meeting budgetary needs. Support received from alumni, friends, organizations, faculty, and staff enhances all aspects of the student experience, including academic and need-based scholarships; technology enhancements; new and renovated facilities; undergraduate, graduate and faculty research; student abroad opportunities; and innovative programs. Virtually all private gifts are received by the University of Arkansas Foundation.

New Initiative -- At its meeting on March 21, 2014, the Board of Trustees adopted a resolution establishing the University of Arkansas System *e*Versity (UAS*e*), a complete online university that will seek its own accreditation. Faculty members are from all UA System campuses who expressed a desire to work with UAS*e.* Early efforts are being focused on enrolling traditionally unserved and underserved Arkansans. The first degree programs are being made available beginning in October, 2015.

All Campuses – The UA Health Plan experienced significant losses in FY15 with an overall plan loss ratio of 112%. The primary cause of the poor experience was a very high level of catastrophic claims. While the University had sufficient reserves on hand to see it through FY15's significant losses, those reserves were significantly reduced. The University addressed the poor plan experience by increasing plan revenue and by implementing plan design changes to reduce claims cost. On the revenue side, campus premium rate increases of 12% to 19% were approved by the President and went into effect on March 1, 2015 on the employer portion of premiums. These increases were applied to the employee portion on July 1, 2015. Additionally, several plan design changes were implemented July 1, 2015, including increases in physician office co-payments, reduction in co-insurance benefits from 80% to 70% and increases in Rx co-pays. In January, 2016, deductibles and out-of-pocket maximum levels will be increased as well. It is anticipated that the combination of the rate increases and the plan design changes will improve plan performance and begin to restore reserves to pre-catastrophic levels.

Financial support from state government for all campuses remains a critical element to the continued financial health of the University. Arkansas appears to have successfully weathered the effects of the national economic crisis, as general revenue forecasts are positive and the state budget remains balanced. Management will continue to budget conservatively and to emphasize cost containment.

From the fall semester of 2010 to the fall semester of 2015, the number of full-time equivalent students has increased 5.3% from 47,159 to 49,639, and headcount has increased 1.9% from 61,569 to 62,764.

UNIVERSITY OF ARKANSAS
Statement of Net Position
June 30, 2015

Exhibit A

	June 30, 2015
ASSETS	
Current	
Cash and cash equivalents	$ 430,971,875
Investments	148,917,100
Accounts receivable, net of allowances of $19,691,572	92,439,802
Patient accounts receivable, net of allowances of $421,761,000	111,368,000
Inventories	28,358,348
Deposits and funds held in trust by others	4,858,183
Notes receivable, net of allowances of $804,373	5,679,825
Other assets	16,315,522
Total current assets	838,908,655
Non-Current	
Cash and cash equivalents	29,641,623
Investments	264,256,722
Notes receivable, net of allowance of $4,170,174	35,989,863
Deposits and funds held in trust by others	35,096,064
Other non-current assets	538,151
Capital assets, net of depreciation of $2,095,962,470	2,635,668,882
Total non-current assets	3,001,191,305
TOTAL ASSETS	$ 3,840,099,960
DEFERRED OUTFLOWS OF RESOURCES	
Debt refunding	$ 21,330,973
Pensions	8,376,339
TOTAL DEFERRED OUTFLOWS OF RESOURCES	$ 29,707,312
LIABILITIES	
Current	
Accounts payable and other accrued liabilities	$ 139,040,603
Unearned revenue	39,681,306
Funds held in trust for others	5,911,575
Liability for future insurance claims (Note 12)	20,800,000
Estimated third party payor settlements	1,071,000
Compensated absences payable - current portion (Note 4)	5,713,469
Bonds, notes, capital leases, and installment contracts payable - current portion (Note 7)	73,664,386
Total current liabilities	285,882,339
Non-Current	
Unearned revenues, deposits and other	1,373,537
Refundable federal advance - Perkins loans	16,562,464
Compensated absences payable (Note 4)	77,454,948
Liability for other postemployment benefits (Note 14)	56,024,345
Liability for pensions (Note 13)	32,204,554
Bonds, notes, capital leases, and installment contracts payable (Note 7)	1,252,232,647
Total non-current liabilities	1,435,852,495
TOTAL LIABILITIES	$ 1,721,734,834
DEFERRED INFLOWS OF RESOURCES	
Pensions	$ 13,720,266
NET POSITION	
Net Investment in Capital Assets	$ 1,364,040,122
Restricted	
Non-Expendable	
Scholarships and fellowships	12,265,900
Research	6,198,962
Other	49,962,779
Expendable	
Scholarships and fellowships	18,136,468
Research	60,372,649
Public service	13,497,289
Capital projects	129,555,567
Other	37,308,718
Unrestricted	443,013,718
TOTAL NET POSITION	$ 2,134,352,172

See accompanying notes.

Exhibit A-1

UNIVERSITY OF ARKANSAS FOUNDATION, INC.
Consolidated Statements of Financial Position
June 30, 2015 and 2014

	2015	2014
ASSETS		
Contributions receivable, net	$ 30,132,446	$ 38,520,860
Interest receivable	2,814,863	2,362,912
Investments, at fair value	884,394,655	840,292,509
Cash value of life insurance	1,196,556	1,087,458
Land, buildings and equipment, net of accumulated depreciation of $255,834 at 2015 and 2014	800,025	1,106,752
TOTAL ASSETS	$ 919,338,545	$ 883,370,491
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	$ 2,344,867	$ 5,448,456
Annuity obligations	15,067,528	16,259,097
TOTAL LIABILITIES	17,412,395	21,707,553
NET ASSETS		
Unrestricted	102,610,251	99,506,691
Temporarily restricted	141,361,837	133,237,061
Permanently restricted	657,954,062	628,919,186
TOTAL NET ASSETS	901,926,150	861,662,938
TOTAL LIABILITIES AND NET ASSETS	$ 919,338,545	$ 883,370,491

Exhibit A-2

UNIVERSITY OF ARKANSAS
FAYETTEVILLE CAMPUS FOUNDATION, INC.
Statements of Financial Position
June 30, 2015 and 2014

		2015		2014
ASSETS				
Investments	$	515,236,233	$	513,809,543
LIABILITIES AND NET ASSETS				
Accounts Payable	$	476,827	$	181,629
Net Assets:				
Temporarily restricted		30,571,566		29,161,667
Permanently restricted		484,187,840		484,466,247
Total Net Assets		514,759,406		513,627,914
TOTAL LIABILITIES & NET ASSETS	$	515,236,233	$	513,809,543

UNIVERSITY OF ARKANSAS
Statement of Revenues, Expenses, and Changes in Net Position
For The Year Ended June 30, 2015

Exhibit B

	Year Ended June 30, 2015
Operating Revenues	
Student tuition & fees, net of scholarship allowances of $151,862,009	$ 309,858,306
Patient services, net of contractual allowances of $1,487,439,000	1,021,183,000
Federal and county appropriations	15,171,093
Federal grants and contracts	133,785,973
State and local grants and contracts	63,230,718
Non-governmental grants and contracts	110,102,883
Sales and services of educational departments	56,232,068
Insurance plan	41,906,111
Auxiliary enterprises	
Athletics, net of scholarship allowances of $2,883,409	92,403,184
Housing/food service, net of scholarship allowances of $16,541,235	61,237,435
Bookstore, net of scholarship allowances of $1,598,596	16,331,772
Other auxiliary enterprises, net of scholarship allowances of $321,828	16,975,519
Other operating revenues	32,102,709
Total operating revenues	1,970,520,771
Operating Expenses	
Compensation and benefits	1,499,840,271
Supplies and services	702,207,626
Scholarships and fellowships	65,686,099
Insurance plan	175,921,378
Depreciation	172,776,805
Total operating expenses	2,616,432,179
Operating loss	(645,911,408)
Non-Operating Revenues (Expenses)	
State appropriations, net of Medicaid match payments of $85,075,000	411,402,231
Property and sales tax	12,531,223
Federal grants	89,340,032
State and local grants	48,345,734
Non-governmental grants	1,034,714
Gifts	91,207,792
Investment income (net)	13,162,116
Interest and fees on capital asset-related debt	(46,017,268)
Loss on disposal of assets	(2,268,024)
Other	3,467,151
Net non-operating revenues	622,205,701
Income before other revenues and expenses	(23,705,707)
Other Changes in Net Position	
Capital appropriations	1,850,000
Capital grants and gifts	53,841,730
Adjustments to prior year revenues and expenses	(92,797)
Other	(1,237,792)
Total other revenues and expenses	54,361,141
Increase in net position	30,655,434
Net Position, beginning of year	2,143,972,486
Adjustment due to GASB 68 (Note 22)	(40,275,748)
Net Position, beginning of year, restated	2,103,696,738
Net Position, end of year	$2,134,352,172

See accompanying notes.

UNIVERSITY OF ARKANSAS FOUNDATION, INC.
Consolidated Statements of Activities
Years Ended June 30, 2015 and 2014

	Year Ended June 30, 2015				Year Ended June 30, 2014			
	Unrestricted	Temporarily Restricted	Permanently Restricted	TOTAL	Unrestricted	Temporarily Restricted	Permanently Restricted	TOTAL
Revenues, Gains and Other Support								
Contributions	$ 11,845,325	$ 28,069,572	$ 33,252,616	$ 73,167,513	$ 17,142,424	$ 20,833,716	$ 20,174,687	$ 58,150,827
Interest and dividends	4,560,484	5,069,866	314,364	9,944,714	4,049,309	4,742,684	230,660	9,022,653
Net realized and unrealized gains on investments	5,018,476	19,139,872	(3,101,424)	21,056,924	12,452,076	18,327,054	61,343,144	92,122,274
Other	50,043			50,043	95,692			95,692
Net assets released from restrictions	38,264,802	(38,264,802)			47,020,021	(47,020,021)		
Total revenues, gains and other support	59,739,130	14,014,508	30,465,556	104,219,194	80,759,522	(3,116,567)	81,748,491	159,391,446
Expenses and Losses:								
Program services:								
Construction	2,126,413			2,126,413	3,849,767			3,849,767
Research	12,250,386			12,250,386	15,501,885			15,501,885
Faculty/staff support	12,113,994			12,113,994	12,849,910			12,849,910
Scholarships and awards	10,433,066			10,433,066	10,008,729			10,008,729
Public/staff relations	1,917,201			1,917,201	1,970,719			1,970,719
Equipment	3,005,030			3,005,030	3,266,928			3,266,928
Sponsored programs	826,769			826,769	1,019,543			1,019,543
Other	11,903,086			11,903,086	12,440,080			12,440,080
Total program services	54,575,945			54,575,945	60,907,561			60,907,561
Supporting services:								
Management and general	449,057			449,057	406,980			406,980
Fundraising	1,540,821			1,540,821	1,350,842			1,350,842
Change in value of split-interest agreements	330	177	369,731	370,238	330	177	193,323	193,830
Provision for loss (recovery) on uncollectible contributions	69,417	5,889,555	1,060,949	7,019,921	7,725	(381,009)	69,340	(303,944)
Total supporting services	2,059,625	5,889,732	1,430,680	9,380,037	1,765,877	(380,832)	262,663	1,647,708
Total expenses and losses	56,635,570	5,889,732	1,430,680	63,955,982	62,673,438	(380,832)	262,663	62,555,269
Change in Net Assets	3,103,560	8,124,776	29,034,876	40,263,212	18,086,084	(2,735,735)	81,485,828	96,836,177
Net Assets, beginning of year	99,506,691	133,237,061	628,919,186	861,662,938	81,420,607	135,972,796	547,433,358	764,826,761
Net Assets, end of year	$ 102,610,251	$ 141,361,837	$ 657,954,062	$ 901,926,150	$ 99,506,691	$ 133,237,061	$ 628,919,186	$ 861,662,938

Exhibit B-2

UNIVERSITY OF ARKANSAS FAYETTEVILLE CAMPUS FOUNDATION, INC.
Statements of Activities
Years Ended June 30, 2015 and 2014

	Year Ended June 30, 2015				Year Ended June 30, 2014			
	Unrestricted	Temporarily Restricted	Permanently Restricted	TOTAL	Unrestricted	Temporarily Restricted	Permanently Restricted	TOTAL
Revenues, Gains and Other Support								
Interest and dividends		$ 3,194,907	$ 3,864	$ 3,198,771		$ 3,524,875	$ 16,527	$ 3,541,402
Net realized and unrealized gains on investments		14,978,660	(2,238,028)	12,740,632		14,277,677	49,589,184	63,866,861
Reclassification for change in donor intent		(1,955,757)	1,955,757					
Net assets released from restrictions	$ 14,807,911	(14,807,911)			$ 19,691,816	(19,691,816)		
Total revenues, gains and other support	14,807,911	1,409,899	(278,407)	15,939,403	19,691,816	(1,889,264)	49,605,711	67,408,263
Expenses and Losses:								
Program services:								
Construction					4,446,335			4,446,335
Research	1,151,398			1,151,398	1,341,235			1,341,235
Faculty/staff support	2,394,666			2,394,666	2,537,570			2,537,570
Scholarships and awards	9,601,436			9,601,436	9,457,971			9,457,971
Equipment and technology	1,442,809			1,442,809	1,400,591			1,400,591
Other	217,602			217,602	508,114			508,114
Total program services	14,807,911			14,807,911	19,691,816			19,691,816
Change in Net Assets		1,409,899	(278,407)	1,131,492		(1,889,264)	49,605,711	47,716,447
Net Assets, beginning of year		29,161,667	484,466,247	513,627,914		31,050,931	434,860,536	465,911,467
Net Assets, end of year	$ 0	$ 30,571,566	$ 484,187,840	$ 514,759,406	$ 0	$ 29,161,667	$ 484,466,247	$ 513,627,914

Exhibit C

UNIVERSITY OF ARKANSAS
Statement of Cash Flows - Direct Method
For The Year Ended June 30, 2015

	Year Ended June 30, 2015
Cash Flows from Operating Activities	
Student tuition and fees (net of scholarships)	$ 308,760,959
Patient and insurance payments	1,029,490,000
Federal and county appropriations	16,369,041
Grants and contracts	311,443,181
Collection of loans and interest	5,144,214
Insurance plan receipts	42,188,954
Auxiliary enterprise revenues:	
Athletics	92,505,562
Housing and food service	60,254,255
Bookstore	15,631,345
Other auxiliary enterprises	17,125,774
Payments to employees	(1,279,763,268)
Payment of employee benefits	(209,650,695)
Payments to suppliers	(688,608,187)
Loans issued to students	(5,047,198)
Scholarships and fellowships	(65,679,174)
Payments of insurance plan expenses	(169,895,119)
Other	76,783,968
Net cash used by operating activities	(442,946,388)
Cash Flows from Noncapital Financing Activities	
State appropriations	414,601,231
Property and sales tax	12,557,248
Gifts and grants for other than capital purposes	229,303,334
Direct Lending, Plus and FFEL loan receipts	264,334,512
Direct Lending, Plus and FFEL loan payments	(262,267,261)
Other agency funds - net	412,953
Refunds to grantors	(45,557)
Net cash provided by noncapital financing activities	658,896,460
Cash Flows from Capital and Related Financing Activities	
Distributions from debt proceeds	196,794,430
Capital appropriations	1,850,000
Capital grants and gifts `	49,307,503
Property taxes - capital allocation	15
Proceeds from sale of capital assets	1,127,191
Purchases of capital assets	(200,942,864)
Payment of capital related principal on debt	(166,230,709)
Payment of capital related interest and fees	(54,121,976)
Insurance proceeds	20,907
Payments to/from trustee for reserve	207,070
Net cash used by capital and related financing activities	(171,988,433)
Cash Flows from Investing Activities	
Proceeds from sales and maturities of investments	54,984,690
Investment income (net of fees)	1,416,625
Purchases of investments	(81,433,573)
Net cash used by investing activities	(25,032,258)
Net increase in cash	18,929,381
Cash, beginning of year	441,684,117
Cash, end of year	$ 460,613,498

UNIVERSITY OF ARKANSAS
Statement of Cash Flows - Direct Method - Continued
For The Year Ended June 30, 2015

	Year Ended June 30, 2015
Reconciliation of net operating loss to net cash used by operating activities:	
Operating loss	$ (645,911,408)
Adjustments to reconcile net operating loss to net cash used by operating activities:	
Depreciation expense	172,776,805
Other miscellaneous operating receipts	2,974,115
Adjustment to cash for amounts in transit within the system	1,170,872
Change in assets and liabilities:	
Receivables, net	866,041
Inventories	585,961
Prepaid expenses and other assets	(2,245,923)
Accounts payable and other accrued liabilities	13,385,031
Unearned revenue	294,732
Liability for future insurance claims	6,276,000
Loans to students and employees	69,890
Refundable federal advance	(179,993)
Compensated absences	2,509,900
OPEB liability	6,031,871
Pension related	(3,311,268)
Other	1,760,986
NET CASH USED BY OPERATING ACTIVITIES	$ (442,946,388)
Non-Cash Transactions	
Capital gifts	$ 620,679
Fixed assets acquired by incurring capital lease obligations	10,731,000
Capital outlay and maintenance paid directly from proceeds of debt	564,083
Payment of bond proceeds/premium/accrued interest/debt service reserve directly into deposits with trustees/escrow	109,564,638
Payment of bond issuance costs and underwriter's discounts directly from bond proceeds and/or debt service reserve	901,512
Payment of principal and interest on long-term debt from deposits with trustees	539,702
Interest earned on deposits with trustees	7,489
Payment on long-term debt directly from University of Arkansas Foundation, Inc. and Razorback Foundation, Inc.	214,188
Loss on disposal of assets	1,555,175
Valuation adjustment to capital assets	(221,615)

See accompanying notes.

Note 1: Summary of Significant Accounting Policies

The financial statements for the University of Arkansas (“the University”) have been prepared in accordance with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB). The accompanying notes to the financial statements are an integral part of the financial statements.

The following acronyms are used for the various campuses and divisions of the University as reported in the financial statements: UAF (University of Arkansas Fayetteville, including Agricultural Experiment Station, Cooperative Extension Service, Arkansas Archeological Survey, Criminal Justice Institute, and Clinton School of Public Service), UAFS (University of Arkansas at Fort Smith), UALR (University of Arkansas at Little Rock), UAMS (University of Arkansas for Medical Sciences), UAM (University of Arkansas at Monticello), UAPB (University of Arkansas at Pine Bluff), CCCUA (Cossatot Community College of the University of Arkansas), PCCUA (Phillips Community College of the University of Arkansas), UACCB (University of Arkansas Community College at Batesville), UACCH (University of Arkansas Community College at Hope), UACCM (University of Arkansas Community College at Morrilton), ASMSA (Arkansas School for Mathematics, Sciences and the Arts), and SYSTEM (University of Arkansas System Administration, including University of Arkansas System *e*Versity).

Basis of Presentation and Measurement Focus
For financial reporting purposes, the University is considered a special-purpose government engaged in business-type activities. Accordingly, the University’s financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned and become measurable. Expenses are recognized in the period in which they are incurred, if measurable, including depreciation.

Cash and Cash Equivalents
The classification of “cash and cash equivalents” on the statement of net position includes all readily available sources of cash such as petty cash, demand deposits, cash on deposit with the State Treasurer, and highly liquid short-term investments.

Investments
Investments are stated at fair value. Changes in unrealized gain (loss) on the carrying value are reported as a component of investment income on the statement of revenues, expenses and changes in net position.

Inventories
Inventories are valued at cost with cost generally being determined on a first-in, first-out basis.

Accounts Receivable
Receivables that represent charges due the University from various student fees, room and board, student fines, patient care services, and other charges are stated at estimated net realizable values; that is, the gross amount of the receivable is reduced by allowances for estimated uncollectible accounts and contractual allowances (related to patient care revenue). Receivables can also include unreimbursed expenses relating to research contracts with federal, state, and private agencies.

Patient Care Revenue
Patient care revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered. Retroactive adjustments arising under reimbursement agreements with third-party payors are accrued on an estimated basis in the period in which the related services are rendered and adjusted as final settlements are determined.

Charity Care
UAMS provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Because UAMS does not pursue collection of amounts determined to qualify as charity care, these amounts are accounted for as a reduction of patient services revenue at the time the services are rendered.

Note 1: Summary of Significant Accounting Policies (Continued)

Encumbrances
Encumbrances representing commitments and outstanding purchase orders for goods and services not received as of the last day of the fiscal year are not reported as expenses or included in liabilities in the accompanying financial statements.

Capital Assets
Capital assets consisting of land, buildings, improvements, furniture, equipment, intangible assets, and construction in progress are stated at cost or fair market value at date of gift. Library holdings are generally valued using average prices for library acquisitions. Depreciation is computed using the straight-line method over the estimated useful lives of the assets -- generally 15-30 years for buildings, 15-20 years for infrastructure and land improvements, 3-10 years for equipment, 10 years for library holdings, and the applicable term for capital leases. The capitalization threshold for depreciation increased from $2,500 to $5,000 beginning July 1, 2011, with the exception of the Fayetteville campus that increased its capitalization threshold to $5,000 beginning July 1, 2012. Estimated useful lives for purposes of amortization and capitalization thresholds for intangible assets are as follows: purchased software (5-10 years; $500,000); internally developed software (10 years; $1,000,000); easements, land use rights, trademarks, and copyrights (15 years; $250,000); and patents (20 years; $250,000). Livestock is maintained primarily for research purposes with any other benefits derived from the operations considered as incidental to the primary mission of the University. The inventory value placed on the animals is determined by utilizing current market prices and breeding and research intangibles. UAMS bases its estimated useful lives on guidelines established by the American Hospital Association (AHA) which may differ slightly from those shown above for the other campuses.

Capitalization of Interest
The University capitalizes interest involving qualifying assets. The amount of interest cost to be capitalized is interest cost on borrowings netted against any interest earned on temporary investments of the proceeds of those borrowings from the date of borrowing until the specified qualifying assets acquired with those borrowings are ready for their intended use. The total amount of interest cost incurred (gross of amortizations of premiums and discounts) and the net amount thereof that has been capitalized was $52,015,194 and $6,274,494, respectively, for the fiscal year ended June 30, 2015.

Deferred Outflows of Resources
Deferred outflows of resources represent a decrease of net position that applies to future periods. Therefore, these items will not be recognized as an expense or expenditure until a future period.

Deferred Inflows of Resources
Deferred inflows of resources represent an increase of net position that applies to future periods. Therefore, these items will not be recognized as revenue until a future period.

Pensions
For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Arkansas Public Employees Retirement System and the Arkansas Teacher Retirement System (the respective Systems) and additions to/deductions from the respective System's fiduciary net position have been determined on the same basis as they are reported by the respective Systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Net Position
The University's net position is classified as follows:

- *Net investment in capital assets* -- total investment in capital assets, net of outstanding debt obligations related to those capital assets. However, unexpended debt proceeds at year-end are reported as net position restricted for capital projects.

Note 1: Summary of Significant Accounting Policies (Continued)

Net Position (Continued)

- *Restricted/non-expendable* -- endowment and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained in perpetuity, and invested for the purpose of producing present and future income, which either may be expended or added to principal.
- *Restricted/expendable* -- resources whose use by the University is subject to externally-imposed stipulations that can be fulfilled by actions of the University pursuant to those stipulations or that expire by the passage of time. There is no formal policy requiring restricted resources to be used either before or after unrestricted resources are used for the same purpose. Responsible officials determine at the time funds are expended to use any unrestricted resources that may be available.
- *Unrestricted* -- resources not subject to externally imposed stipulations. These resources may be designated for specific purposes by management or the Board of Trustees or may be otherwise limited by contractual agreements with outside parties.

Classification of Revenues

The University has classified its revenues as either operating or non-operating according to the following criteria:

- *Operating Revenue* -- includes activities that have the characteristics of exchange transactions, such as student tuition and fees (net of scholarship discounts and allowances), patient services (net of contractual agreements), most federal, state, and local grants and contracts, revenues associated with auxiliary enterprises (net of scholarship discounts and allowances), interest on institutional student loans, and the University's self-funded insurance plans.
- *Non-Operating Revenue* -- includes activities that have the characteristics of non-exchange transactions, such as gifts and contributions, and other revenue sources that are defined as non-operating revenues by the GASB Statement no. 34, such as state appropriations and investment income.

State Appropriations

State appropriations are reported in the statement of revenues, expenses, and changes in net position as non-operating revenue, net of the Medicaid match payments required under various contracts between UAMS and the Arkansas Department of Human Services. The match payments were $85,075,000 for the fiscal year 2015.

Scholarship Discounts and Allowances

Student tuition and fee revenues, and certain other revenues from students, are reported net of scholarship discounts and allowances in the statement of revenues, expenses, and changes in net position. Scholarship discounts and allowances are the differences between the stated charge for goods and services provided by the University, and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain governmental grants, such as Pell grants, and other federal, state, or nongovernmental programs, are recorded as either operating or non-operating revenues in the University's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the University has recorded a scholarship discount and allowance.

Note 1: Summary of Significant Accounting Policies (Continued)

Component Units

In May 2002, the GASB issued Statement no. 39, *Determining Whether Certain Organizations are Component Units,* which amends Statement no. 14 to provide additional guidance to determine whether certain organizations for which the primary government is not financially accountable should be reported as component units based on the nature and significance of their relationship with a primary government. Under the standard, which became effective with the fiscal year ending June 30, 2004, the financial activities of qualifying foundations are to be included in the financial statements of the primary government, through discrete presentations. In fiscal year 2015, there were two qualifying foundations for the University of Arkansas: the University of Arkansas Foundation, Inc. and the University of Arkansas Fayetteville Campus Foundation, Inc. Although the University does not control the timing or amount of receipts from either of these foundations, the majority of resources or income thereon, which the foundations hold and invest, is restricted to the activities of the University by the donors. Because these restricted resources held by the foundations can be used only by, or for the benefit of, the University, and their individual net assets are considered as having met the financial accountability criteria of Statement no. 39 by management, these two foundations are considered component units of the University and are discretely presented in the University's financial statements.

The University of Arkansas Foundation, Inc., is a separate nonprofit organization, which operates for charitable educational purposes, including the administration and investment of gifts and other amounts received directly or indirectly for the benefit of the University of Arkansas. The Board of Directors has twenty-two members, four of which are current or previous members of the University of Arkansas Board of Trustees. During the year ended June 30, 2015, the Foundation distributed $54,533,713 to or on behalf of the University. Complete financial statements for the Foundation can be obtained from the administrative office at *535 Research Center Boulevard, Suite 120, Fayetteville, AR 72701.*

The University of Arkansas Fayetteville Campus Foundation, Inc. is a nonprofit charitable organization which was established by the Walton Family Charitable Support Foundation, Inc., for the exclusive benefit of the University of Arkansas, Fayetteville campus. The Foundation was established on March 11, 2003, and exists primarily to support the Honors College, the Graduate School, and the University's library. The Board of Trustees of the Foundation is made up of seven members, including three members who are also employees of the University. During the year ended June 30, 2015, the Foundation distributed $14,807,911 to or on behalf of the University. Complete financial statements for the Foundation can be obtained from the administrative office at *535 Research Center Boulevard, Suite 120, Fayetteville, AR 72701.*

New Accounting Pronouncements

The GASB issued the following three statements which became effective for the fiscal year ended June 30, 2015: Statement no. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement no. 27,* Statement no. 69, *Government Combinations and Disposals of Government Operations*, and Statement no. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement no. 68.* Management has determined that Statement no. 69 does not affect the University. Statements no. 68 and no. 71 established standards of accounting and financial reporting for defined benefit pensions and defined contribution pensions. As a result, beginning net position, as reported on the Statement of Revenues, Expenses, and Changes in Net Position, was reduced by $40,275,748. Details of the effect of implementing these statements are discussed in detail in Footnote 13.

The GASB issued the following statements which become effective for the fiscal year ending June 30, 2016: Statement no. 72, *Fair Value Measurement and Application,* Statement no. 73, *Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68,* and Statement no. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments.* The GASB issued the following statements which become effective for the fiscal years ending June 30, 2017, and June 30, 2018, respectively: Statement no. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* and Statement no. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.* Management has not yet determined the effects of these statements on the University's financial statements.

Note 2: Reporting Entity

The University of Arkansas System ("the University"), which prior to 1969 consisted of the Fayetteville and Medical Sciences campuses, was expanded in 1969 to include the Little Rock campus (formerly Little Rock University), in 1971 to include the Monticello campus (formerly Arkansas A&M College), in 1972 to include the Pine Bluff campus (formerly Arkansas AM&N College), in 1996 to include the Phillips campus (formerly Phillips County Community College), and the Hope campus (formerly Red River Technical College), and in 1998 to include the Batesville campus (formerly Gateway Technical College). On July 1, 2001, the University was expanded to include campuses in Morrilton (formerly Petit Jean College) and DeQueen (formerly Cossatot Community College). The Fort Smith campus (formerly Westark College) joined the University on January 1, 2002. Forest Echoes Technical Institute and Great Rivers Technical Institute merged with the Monticello campus on July 1, 2003. The Arkansas School for Mathematics, Sciences and the Arts joined the University on January 1, 2004. In addition to these campuses, the University includes the System Administration, whose financial statements include eVersity, and the following units that are included in the financial statements of the Fayetteville campus: Clinton School of Public Service, Division of Agriculture (Agricultural Experiment Station and the Cooperative Extension Service), Archeological Survey, and Criminal Justice Institute.

All programs and activities of the University of Arkansas System are governed by its Board of Trustees, which has been accorded constitutional status for the exercise of its powers and authority by Amendment 33 to the Arkansas Constitution. The Board of Trustees has delegated to the President the administrative authority for all aspects of the University's operations. Administrative authority is further delegated to the Chancellors, the Vice President for Agriculture, the Dean of the Clinton School, the Director of the Criminal Justice Institute, the Director of Archeological Survey, and the Director of Arkansas School for Mathematics, Sciences and the Arts, who have responsibility for the programs and activities of their respective campuses or state-wide operating division.

According to the GASB Statement no. 14, the financial reporting entity consists of (a) the primary government; (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Under the provisions of this statement, the University is an institution of higher education of the State of Arkansas (primary government).

Note 3: Hospital Revenue

The Hospital is a division of UAMS, and the Faculty Group Practice (FGP) is the collective body of the College of Medicine faculty involved in professional practice at UAMS. FGP is an integral component of UAMS, functioning as an unincorporated division of the College of Medicine. As such, it is subject to the policies and regulations of the College of Medicine, UAMS, and the Board of Trustees of the University. Patient care operations are included in the accompanying financial statements under accounting principles generally followed by governmental colleges and universities. Patient accounts receivable at June 30, 2015, are recorded net of an allowance for doubtful accounts of $421,761,000.

Net patient services revenue for the year ended June 30, 2015, is as follows:

NET PATIENT SERVICES REVENUE	FY2015
Gross patient revenue	$ 2,606,345,000
Less patient services contractual allowances	1,487,439,000
Less provision for bad debt	97,723,000
TOTAL	$ 1,021,183,000

Note 3: Hospital Revenue (Continued)

UAMS provided approximately $72,726,000 in charity care, based on established rates, during the year ended June 30, 2015. Because UAMS does not pursue collection of amounts determined to qualify as charity care, they are not included in gross patient revenue above. Net patient services revenue for the year ended June 30, 2015, includes approximately $77,666,000 from the Medicaid program representing payments relating to Upper Payment Limit and Disproportionate Share reimbursements. These payments are available to state-operated teaching hospitals under Medicaid regulations. Net patient services revenue for the year ended June 30, 2015, includes approximately $39,052,000 of net revenue from the Supplemental Medicaid program.

The Hospital, FGP, and Area Health Education Centers (AHECs) have agreements with governmental and other third-party payors that provide for reimbursement at amounts different from their established rates. Contractual adjustments under third-party reimbursement programs represent the difference between the billings at established rates for services and amounts reimbursed by third-party payors. A summary of the basis of reimbursement with significant third-party payors follows:

Hospital:

Medicare – Inpatient acute care services rendered to program beneficiaries are paid at prospectively determined rates per discharge. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors. Some transplantation services are paid based upon a cost reimbursement methodology. Outpatient services are paid based on a prospective payment system where services are classified into groups called Ambulatory Payment Classifications (APC). Services in each APC are similar clinically and in terms of the resources they require. The Hospital is paid for cost-reimbursable items at a tentative rate with final settlement determined after submission of an annual cost report by the Hospital and audit by the Medicare fiscal intermediary. As of June 30, 2015, the Hospital's Medicare cost reports have been audited by the Medicare fiscal intermediary through June 30, 2012.

Medicaid – Inpatient and outpatient services rendered to Medicaid program beneficiaries are reimbursed based upon a cost reimbursement methodology. The Hospital is paid at a tentative rate with final settlement determined after submission of an annual cost report by the Hospital and audits by the Medicaid audit contractor. The Hospital is required to pay the federal match for the difference in reimbursement between the Tax Equity and Fiscal Responsibility Act inpatient rate and full cost. For outpatient services, the Hospital is required to pay the federal match for the difference reimbursed between the outpatient prospective rates and full cost. As of June 30, 2015, the Hospital's Medicaid cost reports have been audited by the Medicaid audit contractor through June 30, 2010.

FGP and AHECs:

Services rendered to both Medicare and Medicaid program beneficiaries are reimbursed on prospectively determined rates per unit of service.

Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. The net adjustments to estimated settlements resulted in no change to net patient services revenue for the year ended June 30, 2015. Management believes that UAMS is in compliance with all applicable laws and regulations and is not aware of any pending or threatened investigations involving allegations of potential wrongdoing. While no such regulatory inquiries have been made, compliance with such laws and regulations can be subject to future government review and interpretation, as well as significant regulatory action including fines, penalties, and exclusion from the Medicare and Medicaid programs.

The Hospital, FGP, and AHECs have agreements with certain commercial insurance carriers and preferred provider organizations, which include prospectively determined rates per discharge, discounts from established charges, and prospectively determined per diem rates.

Additionally, UAMS has agreements to provide healthcare professionals to independent healthcare providers at contractually determined rates. These providers are responsible for billing and collecting from patients and third party payors, as applicable, for the services provided by UAMS staff supplied by these contracts.

Note 4: Compensated Absences

Employees accrue and accumulate annual and sick leave in accordance with policies established by the Board of Trustees. The University accrues the dollar value of leave benefits in accordance with generally accepted accounting principles which require accrual of salary-related payments directly and incrementally associated with compensated absences, such as employer's share of social security taxes, as well as applicable salary expenses. These leave benefits are payable upon retirement, termination, or death of employees, up to the maximum allowed.

Full-time, non-classified employees accrue annual leave at the rate of fifteen hours per month and full-time classified employees accrue at a variable rate (from eight to fifteen hours per month) depending upon the number of years of employment in state government. Employees who are less than full-time, but are at least 50% time, accrue annual leave at prorated amounts. Under the University's policy, an employee may carry accrued annual leave forward from one calendar year to another, up to a maximum of 240 hours (30 working days).

Classified employees who meet the conditions to be considered retirees at the time of termination of employment, are entitled to a partial payment of accumulated, unused sick leave in accordance with the provisions of Arkansas Code Annotated (A.C.A.) § 21-4-501. In accordance with A.C.A. § 21-4-505, which became effective in FY09, two-year institutions may, at their discretion, provide to non-classified employees the same compensation for accumulated unused sick leave provided to classified employees. The Code was amended in 2011 to allow the four-year institutions the same option. Three campuses have chosen to follow the policy for non-classified employees: CCCUA, UACCB, and UACCM.

Sick leave for those identified in the previous paragraph can be paid as follows: An employee who has accumulated at least fifty (50) days, but less than sixty (60) days of sick leave upon retirement shall receive an amount equal to fifty percent (50%) of the number of accrued sick leave days (rounded to the nearest day) times fifty percent (50%) of the employee's daily salary. An employee who has accumulated at least sixty (60) days, but less than seventy (70) days of sick leave upon retirement shall receive an amount equal to sixty percent (60%) of the number of accrued sick leave days (rounded to the nearest day) times 60 percent (60%) of the employee's daily salary. An employee who has accumulated at least seventy (70) days, but less than eighty (80) days of sick leave upon retirement shall receive an amount equal to seventy percent (70%) of the number of accrued sick leave days (rounded to the nearest day) times seventy percent (70%) of the employee's daily salary. An employee that has accumulated at least eighty (80) or more days of sick leave upon retirement shall receive an amount equal to eighty percent (80%) of the number of accrued sick leave days (rounded to the nearest day) times eighty percent (80%) of the employee's daily salary. In no event shall an employee receive a sick leave incentive amount that exceeds $7,500.

Changes in compensated absences are shown below:

COMPENSATED ABSENCES

Campus	Balance 6/30/14	Additions	Reductions	Balance 6/30/15	Current Portion
UAF	$ 19,640,254	$ 709,355	$ 343,679	$ 20,005,930	$ 1,408,052
UAFS	1,815,385	208,561	372,396	1,651,550	298,571
UALR	4,577,005	503,482	503,676	4,576,811	477,838
UAM	1,188,797	835,110	818,450	1,205,457	84,743
UAMS	48,420,000	3,364,000	1,000,000	50,784,000	3,127,000
UAPB	2,196,366	2,114,652	2,077,579	2,233,439	200,697
CCCUA	361,597	248,964	258,471	352,090	17,605
PCCUA	476,654	449,744	482,597	443,801	26,380
UACCB	586,038	403,465	465,607	523,896	17,584
UACCH	364,917	317,627	345,822	336,722	22,641
UACCM	400,770	285,424	330,934	355,260	9,058
ASMSA	99,708	30,502	15,436	114,774	15,433
SYSTEM	531,026	522,495	468,834	584,687	7,867
TOTAL	$ 80,658,517	$ 9,993,381	$ 7,483,481	$ 83,168,417	$ 5,713,469

Note 5: Cash, Cash Equivalents, and Investments

A.C.A. §19-4-805 authorizes institutions of higher learning to determine the depositories and nature of investments of any of their cash funds which are not currently needed for operating purposes.

Cash and Cash Equivalents

Cash deposits are carried at cost. The following schedule reconciles the amount of deposits to the statement of net position at June 30, 2015:

Cash and Cash Equivalents	
+Cash deposits at year end	$ 450,087,217
+cash held on deposit in state treasury	8,679,528
+cash equivalents	1,035,466
+cash on hand	152,145
+ adjustment for deposits in transit within the system	813,810
-cash/cash equiv shown as deposits held in trust on Smts	(154,668)
TOTAL	$ 460,613,498

Deposits are exposed to custodial risk if they are not covered by depository insurance (FDIC) and are uncollateralized. At June 30, 2015, $255,316 of the University's bank balances were exposed to custodial credit risk.

Investments

Investments are reported at fair value, which, for reporting purposes, is market value. The following is a summary of the University's investments held at June 30, 2015:

Investment Type	Fair Value
Mutual & Money Market Funds	$ 34,942,176
Corporate & Municipal Bonds	887,986
External Investment Pool	393,180,565
Certificate of Deposits	5,863,890
U.S. Treasury & Government Sponsored Agencies	9,994,281
Other	50,044,647
Sub-Total	494,913,545
-shown as cash/cash equiv on Stmt of Net Position	(41,940,144)
-shown as deposits held in trust on Stmt of Net Position	(39,799,579)
Investments as reported on Stmt of Net Position	$ 413,173,822

The University is required under GASB Statement no. 40 to provide investment risk disclosures for all invested funds. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The following tables show these risks for the University's funds outside the external investment pool.

		Interest Rate Risk			
		Investment Maturies (in years)			
Investment Type	Fair Value	Less than 1	1 to 5	over 5	More than 10
Bonds	$ 523,398		$ 125,936	$ 247,628	$ 149,834
U.S. Treasury & Gov't Agencies	9,890,058	$ 1,267,319	8,544,706	78,033	
Totals	$ 10,413,456	$ 1,267,319	$ 8,670,642	$ 325,661	$ 149,834

Note 5: Cash, Cash Equivalents, and Investments (Continued)

Investments (Continued)

Investment Type	Fair Value	Credit Risk AAA	AA	A	B & below	Not Rated
Mutual Funds	$ 22,703,118	$ 22,116,946	$ 134,306	$ 21,218		$ 430,648
Bonds	887,985		99,569	423,830		364,586
Totals	$ 23,591,103	$ 22,116,946	$ 233,875	$ 445,048	$ 0	$ 795,234

External Investment Pool

Effective June 30, 1997, the University of Arkansas adopted GASB Statement no. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools,* which requires investments be carried at fair value and all changes in fair value be reported in revenue as a component of investment income. In 1997, the University of Arkansas and the University of Arkansas Foundation established an external investment pool. This arrangement commingles (pools) the moneys of more than one legally separate entity and invests, on the participants' behalf, in an investment portfolio. During 1998, the Walton Arts Foundation joined the pool, and, during 2003, the Fayetteville Campus Foundation joined the pool. During 2007, the University of Arkansas Community College at Hope Foundation joined the pool. The Razorback Foundation joined the pool during 2012.

The governmental external investment pool is exempt from registration with the SEC. The University of Arkansas Board of Trustees and the University of Arkansas Foundation Board of Trustees are the sponsors of this investment pool and are responsible for operation and oversight for the pool. All participation in this investment pool is voluntary.

In January 2010, the University of Arkansas Investment Committee approved an agreement which delegated authority to the UA Foundation to manage University funds held in the Pool. The agreement included delegation of all responsibility for all investment guidelines and performance objectives for accounts within the Pool. The agreement also delegated to the UA Foundation authority for further delegation of portfolio implementation decisions to one or more investment managers. In January 2010, the UA Foundation entered into such an agreement with Cambridge Associates, LLC.

At June 30, 2015, five campuses (UAF, UALR, UAMS, UAM and UACCM) and five foundations participated in the Pool, whose net assets totaled $1,755,419,071. The Pool was combined with 22.24% of the net assets owned by the University of Arkansas and external portions as follows: 47.29% by the University of Arkansas Foundation, 28.94% by the Fayetteville Campus Foundation, 0.71% by the Walton Arts Foundation, 0.11% by the University of Arkansas Community College at Hope Foundation, and 0.71% by the Razorback Foundation. The following tables contain information on the risk disclosure of the Pool.

Note 5: Cash, Cash Equivalents, and Investments (Continued)

External Investment Pool (Continued)

UNIVERSITY OF ARKANSAS EXTERNAL INVESTMENT POOL
Statement of Invested Assets
June 30, 2015

Investment Type	Fair Value*
Equities	**$511,167,043**
Common Stock	198,753,100
Funds - Common Stock	286,584,389
Preferred Stock	16,166
Rights/Warrants	12
Funds - Equities ETF	25,813,376
Fixed Income	**$429,136,814**
Government Bonds	71,154,303
Funds - Government Bonds	35,789,348
Corporate Bonds	95,454
Funds - Corporate Bond	37,703,409
Government Mortgage Backed Securities	86
Non-Government Backed C.M.O.s	1
Funds - Other Fixed Income	253,145,879
Funds - Fixed Income ETF	31,248,334
Venture Capital and Partnerships	**$594,280,382**
Partnerships	594,280,382
Commodities	**$24,551,528**
Funds - Commodity Linked	24,551,528
Hedge Fund	**$172,468,960**
Hedge Equity	139,944,236
Hedge Event Driven	32,524,724
All Other	**$204,899**
Recoverable Taxes	204,899
Cash/Cash Equivalents	**$23,609,445**
Funds - Short Term Investment	18,302,204
Cash	2,488,878
Invested Cash	2,818,363
TOTAL	**$1,755,419,071**

*Includes accrued income

Note 5: Cash, Cash Equivalents, and Investments (Continued)

External Investment Pool (Continued)

UNIVERSITY OF ARKANSAS EXTERNAL INVESTMENT POOL
Credit Risk - S&P Quality Ratings
June 30, 2015

Investment Type & Fair Value*	BB	NR	US GOVN. GUAR
Corporate Bonds		$95,454	
Funds - Corporate Bond		37,533,442	
Funds - Fixed Income ETF		31,248,334	
Funds - Government Bond		35,637,866	
Funds - Other Fixed Income		253,145,879	
Funds - Short Term Investment		18,301,712	
Government Bonds	$ 6,604		$ 71,144,450
Govn Mortgage Backed Securities			86
Hedge Event Driven		32,524,724	
Non-Govn Backed C.M.O.s		1	
Total	$ 6,604	$408,487,412	$71,144,536

*Does not include accrued income

UNIVERSITY OF ARKANSAS EXTERNAL INVESTMENT POOL
Years to Maturity
June 30, 2015

Investment Type	Fair Value*	Less than 1	1+ to 6	10+	Maturity not Determined
Corporate Bonds	$ 95,454	$ 4		$ 95,450	
Funds - Corporate Bond	37,533,442				$ 37,533,442
Funds - Fixed Income ETF	31,248,334				31,248,334
Funds - Government Bond	35,637,866				35,637,866
Funds - Other Fixed Income	253,145,879				253,145,879
Funds - Short Term Investment	18,301,712				18,301,712
Government Bonds	71,151,054		$ 71,144,450	6,604	
Govn Mortgage Backed Securities	86			86	
Hedge Event Driven	32,524,724				32,524,724
Non-Government Backed C.M.O.'s	1				1
Total	$479,638,552	$4	$71,144,450	$102,140	$408,391,958

*Does not include accrued income

Note 5: Cash, Cash Equivalents, and Investments (Continued)

External Investment Pool (Continued)

UNIVERSITY OF ARKANSAS EXTERNAL INVESTMENT POOL
Interest Rate Sensitivity - Effective Duration
June 30, 2015

Investment Type	Fair Value*	Effective Duration
Corporate Bonds	$95,454	N/A
Funds - Corporate Bond	37,533,442	N/A
Funds - Fixed Income ETF	31,248,334	N/A
Funds - Government Bond	35,637,866	N/A
Funds - Other Fixed Income	253,145,879	N/A
Funds - Short Term Investment	18,301,712	N/A
Government Bonds	71,151,054	4.78
Govn Mortgage Backed Securities	86	2.98
Hedge Event Driven	32,524,724	N/A
Non-Govn Backed C.M.O.s	1	N/A
Total	$479,638,552	

*Does not include accrued income

UNIVERSITY OF ARKANSAS EXTERNAL INVESTMENT POOL
Foreign Currency Risk By Investment Type
June 30, 2015

Currency By Investment and Fair Value*	Cash	Equity	Other Assets
AUSTRALIAN DOLLAR	$ 4,686,886	$ 7,024,560	
CANADIAN DOLLAR	(1,590,159)	2,253,088	$ 1,607
SWISS FRANC	(1,067,179)	9,950,371	57,614
DANISH KRONE	934,590	605,810	647
EURO	(3,787,483)	45,949,523	113,963
BRITISH POUND STERLING	1,926,019	19,442,559	
HONG KONG DOLLAR	57,011	6,592,595	
NEW ISRAELI SHEKEL	285	573,884	
JAPANESE YEN	3,493,702	23,737,751	16,273
NORWEGIAN KRONE	152,557	228,075	
NEW ZEALAND DOLLAR	4	437,619	
POLISH ZLOTY			5,837
SWEDISH KRONA	572,153	5,766,794	
SINGAPORE DOLLAR	733,417	339,240	
Total	$6,111,803	$122,901,869	$195,941

*Includes accrued income

Note 5: Cash, Cash Equivalents, and Investments (Continued)

Endowment Funds

A.C.A. § 28-69-804 states, "Subject to the intent of a donor expressed in the gift instrument, an institution may appropriate for expenditure or accumulate so much of an endowment fund as the institution determines is prudent for the uses, benefits, purposes, and duration for which the endowment fund is established. Unless stated otherwise in the gift instrument, the assets in an endowment fund are donor-restricted assets until appropriated for expenditure by the institution.

The University does not have a uniform policy addressing the authorization and spending of investment income. Such policies have been established at the applicable campuses and include spending rates averaged over a specified period and compliance with donor restrictions. The computation of net appreciation on investments of donor-restricted endowments that are available for expenditure at June 30, 2015, is as follows:

Total Endowment		$	148,903,467
Less:	Funds treated as endowment		(44,539,020)
	Non-expendable portion of endowment		(46,726,352)
Available for Expenditure		$	57,638,095

Note 6: Income Taxes

The University is tax exempt under the Internal Revenue Code except for tax on unrelated business income. The University had no significant unrelated business income for the year ended June 30, 2015. It is also exempt from state income taxes under Arkansas law. Accordingly, no provision for income taxes is made in the financial statements.

Note 7: Bonds, Notes, Capital Leases, and Installment Contracts Payable

The retirement of some bond issues is secured by a specific pledge of certain gross revenues, surplus revenues and specific fees. Separate accounting is not required for these facilities under the provisions of the debt instruments; accordingly, segment reporting is not required for financial reporting purposes. A summary of long-term debt by campus is shown below. Total debt of $1,326,634,618 shown in these schedules, which is related to bonds, notes, capital leases, and installment contracts, differs from the amount of $1,325,897,033 shown on the statement of net position. This is due to an elimination entry of $737,585 to account for a loan between UAMS and UAF (see Note 18).

Note 7: Bonds, Notes, Capital Leases, and Installment Contracts Payable (Continued)

Schedule of Debt by Campus

UNIVERSITY OF ARKANSAS FAYETTEVILLE

Issue Date	Maturity Date	Interest Rate	Amount Issued	Maturities to Year-End	Outstanding Year-End
10/15/1997	11/1/2022	3.95%-5.25%	$ 21,445,000	$ 20,400,000	$ 1,045,000
3/1/2005	11/1/2025	3.00%-4.50%	81,020,000	35,075,000	45,945,000
10/1/2007	11/1/2037	4.00%-5.00%	45,010,000	5,815,000	39,195,000
8/1/2008	11/1/2038	4.00%-5.00%	36,750,000	920,000	35,830,000
8/1/2008	11/1/2028	4.10%-6.375%	15,210,000	1,295,000	13,915,000
12/15/2009	11/1/2039	3.00%-5.00%	52,430,000	4,170,000	48,260,000
6/30/2010	9/15/2020	1.00%-4.82%	23,965,000	9,605,000	14,360,000
6/29/2011	11/1/2040	2.00%-5.00%	101,225,000	6,555,000	94,670,000
6/29/2011	11/1/2022	3.00%-5.00%	8,895,000	1,105,000	7,790,000
6/29/2011	9/15/2021	2.00%-4.895%	23,575,000	18,075,000	5,500,000
4/17/2012	11/1/2032	1.00%-5.00%	56,965,000	6,510,000	50,455,000
9/13/2012	11/1/2042	2.00%-5.00%	60,540,000	1,400,000	59,140,000
5/16/2013	11/1/2042	1.00%-5.00%	54,450,000	2,275,000	52,175,000
5/16/2013	9/15/2027	1.00%-5.00%	30,355,000	2,575,000	27,780,000
6/30/2014	11/1/2043	2.00%-5.00%	24,730,000	135,000	24,595,000
6/30/2014	11/1/2043	0.85% - 4.50%	5,020,000	35,000	4,985,000
2/12/2015	11/1/2036	2.00%-5.00%	70,360,000		70,360,000
2/12/2015	9/15/2022	2.00%-5.00%	14,180,000		14,180,000
11/30/1991	5/1/2022	5.50%	3,000,000	1,820,332	1,179,668
11/29/1995	11/1/2034	2.00%-5.00%	2,071,140	1,333,555	737,585
11/30/2007	7/1/2023	4.69%	6,950,000	1,790,092	5,159,908
12/19/2008	8/19/2023	4.58%	23,842,000	7,194,113	16,647,887
4/8/2010	1/8/2023	4.80%	9,694,713	2,820,738	6,873,975
Various	Various	Various	577,126	155,510	421,616
	Net unamortized premium/discount		52,781,911	6,370,291	46,411,620
		TOTALS	$ 825,041,890	$ 137,429,631	$ 687,612,259

UNIVERSITY OF ARKANSAS AT FORT SMITH

Issue Date	Maturity Date	Interest Rate	Amount Issued	Maturities to Year-End	Outstanding Year-End
5/1/2009	12/1/2034	2.0% - 5.0%	$ 25,000,000	$ 2,815,000	$ 22,185,000
6/1/2010	12/1/2021	2.0% - 4.0%	29,895,000	10,305,000	19,590,000
12/1/2010	12/1/2035	2.0% - 4.75%	9,300,000	975,000	8,325,000
1/1/2012	12/1/2030	2.0% - 4.25%	17,540,000	2,220,000	15,320,000
6/1/2014	12/1/2031	2.0% - 3.5%	5,295,000	200,000	5,095,000
6/1/2014	6/1/2039	2.0% - 5.0%	10,930,000	270,000	10,660,000
2/29/2012	1/1/2022	0%	2,166,500	649,950	1,516,550
5/22/2012	5/4/2027	4.00%	650,000	103,854	546,146
	Net unamortized premium/discount		3,189,932	738,325	2,451,607
		TOTALS	$ 103,966,432	$ 18,277,129	$ 85,689,303

UNIVERSITY OF ARKANSAS AT LITTLE ROCK

Issue Date	Maturity Date	Interest Rate	Amount Issued	Maturities to Year-End	Outstanding Year-End
10/1/2009	10/1/2029	2.0% - 5.0%	$ 32,245,000	$ 5,730,000	$ 26,515,000
11/1/2009	10/1/2034	3% - 5%	29,510,000	3,080,000	26,430,000
4/1/2012	5/1/2037	2.0% - 5.0%	14,880,000	1,095,000	13,785,000
9/1/2012	12/1/2029	1.0% - 5.0%	13,850,000	1,830,000	12,020,000
4/1/2013	12/1/2024	1.0% - 5.0%	10,770,000	1,490,000	9,280,000
4/1/2013	12/1/2024	0.53% - 2.884%	6,530,000	1,000,000	5,530,000
8/1/2013	10/1/2030	2.0% - 5.0%	28,740,000	1,170,000	27,570,000
5/7/2008	10/1/2015	4.22%	2,541,873	2,408,134	133,739
8/23/2011	12/1/2020	0.00%	1,732,620	666,667	1,065,953
Various	Various	1.98% - 3.15%	4,921,269	2,953,865	1,967,404
	Net unamortized premium/discount		8,990,261	2,193,733	6,796,528
		TOTALS	$ 154,711,023	$ 23,617,399	$ 131,093,624

Note 7: Bonds, Notes, Capital Leases, and Installment Contracts Payable (Continued)

Schedule of Debt by Campus (Continued)

UNIVERSITY OF ARKANSAS AT MONTICELLO

Issue Date	Maturity Date	Interest Rate		Amount Issued		Maturities to Year-End		Outstanding Year-End
10/1/2010	10/1/2018	2.0% - 2.35%	$	2,870,000	$	1,375,000	$	1,495,000
2/1/2012	12/1/2035	2.0% - 4.0%		8,745,000		855,000		7,890,000
12/1/2012	10/1/2037	1% - 4.0%		8,650,000		500,000		8,150,000
1/27/2009	2/1/2019	0.53%		1,000,000		604,578		395,422
	Net unamortized premium/discount			367,677		55,866		311,811
		TOTALS	$	21,632,677	$	3,390,444	$	18,242,233

UNIVERSITY OF ARKANSAS FOR MEDICAL SCIENCES

Issue Date	Maturity Date	Interest Rate		Amount Issued		Maturities to Year-End		Outstanding Year-End
6/1/2010	7/1/2019	2.0% - 4.5%	$	7,605,000	$	3,050,000	$	4,555,000
12/21/2010	12/1/2030	2.00% - 5.00%		42,680,000		2,860,000		39,820,000
11/15/2011	7/1/2034	2.0% - 4.25%		8,985,000		1,025,000		7,960,000
5/14/2013	11/1/2034	1.0% - 5.0%		112,665,000		5,115,000		107,550,000
12/17/2014	3/1/2036	2.00% - 5.00%		86,035,000		1,845,000		84,190,000
		Misc Notes		86,478,000		35,708,000		50,770,000
		Leases		71,347,000		37,709,000		33,638,000
	Net unamortized premium/discount			37,808,000		7,980,000		29,828,000
		TOTALS	$	453,603,000	$	95,292,000	$	358,311,000

UNIVERSITY OF ARKANSAS AT PINE BLUFF

Issue Date	Maturity Date	Interest Rate		Amount Issued		Maturities to Year-End		Outstanding Year-End
10/12/2005	12/1/2017	2.8% - 3.8%	$	3,330,000	$	2,635,000	$	695,000
6/1/2014	6/30/2036	2% - 5.0%		15,160,000		100,000		15,060,000
6/1/2014	12/1/2018	1.875%		1,810,000		345,000		1,465,000
9/1/1999	12/1/2015	Variable		880,000		880,000		
10/15/2012	9/15/2016	2.01%		2,169,106		1,517,867		651,239
	Net unamortized premium/discount			2,308,855		1,256,801		1,052,054
		TOTALS	$	25,657,961	$	6,734,668	$	18,923,293

COSSATOT COMMUNITY COLLEGE OF THE UNIVERSITY OF ARKANSAS

Issue Date	Maturity Date	Interest Rate		Amount Issued		Maturities to Year-End		Outstanding Year-End
6/13/2013	5/1/2035	1.0% - 3.625%	$	3,930,000	$	225,000	$	3,705,000
1/25/2008	3/30/2023	2.91%		2,000,000		938,520		1,061,480
11/16/2010	11/16/2030	5.25%		300,060		300,060		
Various	Various	Various		33,406		24,846		8,560
	Net unamortized premium/discount			141,059		12,922		128,137
		TOTALS	$	6,404,525	$	1,501,348	$	4,903,177

PHILLIPS COMMUNITY COLLEGE OF THE UNIVERSITY OF ARKANSAS

Issue Date	Maturity Date	Interest Rate		Amount Issued		Maturities to Year-End		Outstanding Year-End
2/1/2009	12/1/2038	3.0% - 5.2%	$	12,030,000	$	12,030,000		
4/22/2015	12/1/2038	2.0% - 4.0%		11,270,000			$	11,270,000
6/1/2013	6/1/2018	4.30%		219,026		85,586		133,440
	Net unamortized premium/discount			272,074		1,916		270,158
		TOTALS	$	23,791,100	$	12,117,502	$	11,673,598

Note 7: Bonds, Notes, Capital Leases, and Installment Contracts Payable (Continued)

Schedule of Debt by Campus (Continued)

UNIVERSITY OF ARKANSAS COMMUNITY COLLEGE AT BATESVILLE

Issue Date	Maturity Date	Interest Rate	Amount Issued	Maturities to Year-End	Outstanding Year-End
6/15/2010	12/1/2018	1.0% - 3.25%	$ 2,295,000	$ 1,200,000	$ 1,095,000
5/7/2008	11/1/2015	4.22%	816,432	763,345	53,087
5/7/2008	11/1/2015	4.22%	451,616	439,457	12,159
2/2/2010	2/1/2020	0.45%	1,000,000	494,387	505,613
	Net unamortized premium/discount		4,032	2,395	1,637
		TOTALS	$ 4,567,080	$ 2,899,584	$ 1,667,496

UNIVERSITY OF ARKANSAS COMMUNITY COLLEGE AT HOPE

Issue Date	Maturity Date	Interest Rate	Amount Issued	Maturities to Year-End	Outstanding Year-End
6/1/2010	9/1/2020	1.00% - 4.00%	$ 4,625,000	$ 2,165,000	$ 2,460,000
6/1/2013	10/1/2038	1.00% - 3.625%	2,590,000	135,000	2,455,000
3/27/2012	4/1/2022	0.20%	1,100,000	327,695	772,305
	Net unamortized premium/discount		111,731	54,157	57,574
		TOTALS	$ 8,426,731	$ 2,681,852	$ 5,744,879

UNIVERSITY OF ARKANSAS COMMUNITY COLLEGE AT MORRILTON

Issue Date	Maturity Date	Interest Rate	Amount Issued	Maturities to Year-End	Outstanding Year-End
05/18/2005	11/1/2017	3.0% - 4.0%	$ 2,095,000	$ 1,520,000	$ 575,000
6/16/2010	5/1/2022	2.0% - 3.5%	2,030,000	775,000	1,255,000
7/30/2010	8/1/2020	0.38%	800,000	356,244	443,756
		TOTALS	$ 4,925,000	$ 2,651,244	$ 2,273,756

UNIVERSITY OF ARKANSAS SYSTEM ADMINISTRATION

Issue Date	Maturity Date	Interest Rate	Amount Issued	Maturities to Year-End	Outstanding Year-End
11/17/2014	11/17/2024	0.22%	$ 500,000	$ 0	$ 500,000

Schedule of Changes in Debt

BONDS

Campus	Balance 6-30-14	Additions	Reductions	Balance 6-30-15	Current Portion
UAF	$ 641,485,000	$ 84,540,000	$ 115,845,000	$ 610,180,000	$ 24,695,000
Net unamortized prem/disc	35,245,728	14,125,701	2,959,809	46,411,620	2,560,883
UAFS	85,995,000		4,820,000	81,175,000	5,015,000
Net unamortized prem/disc	2,647,743		196,136	2,451,607	196,136
UALR	126,590,000		5,460,000	121,130,000	5,600,000
Net unamortized prem/disc	7,252,051		455,523	6,796,528	455,523
UAM	18,415,000		880,000	17,535,000	895,000
Net unamortized prem/disc	329,146		17,335	311,811	17,335
UAMS	257,095,000	86,035,000	99,055,000	244,075,000	6,765,000
Net unamortized prem/disc	22,078,000	12,713,000	4,963,000	29,828,000	-
UAPB	17,880,000		660,000	17,220,000	770,000
Net unamortized prem/disc	1,101,260		49,206	1,052,054	49,206
CCCUA	3,825,000		120,000	3,705,000	125,000
Net unamortized prem/disc	134,598		6,461	128,137	6,460
PCCUA	11,080,000	11,270,000	11,080,000	11,270,000	320,000
Net unamortized prem/disc	(88,202)	272,074	(86,286)	270,158	11,496
UACCB	1,350,000		255,000	1,095,000	265,000
Net unamortized prem/disc	2,116		479	1,637	479
UACCH	5,435,000		520,000	4,915,000	545,000
Net unamortized prem/disc	68,451		10,877	57,574	10,877
UACCM	2,170,000		340,000	1,830,000	345,000
TOTAL	$ 1,240,090,891	$ 208,955,775	$ 247,607,540	$ 1,201,439,126	$ 48,648,395

Note 7: Bonds, Notes, Capital Leases, and Installment Contracts Payable (Continued)

Schedule of Changes in Debt (Continued)

NOTES

Campus	Balance 6-30-14	Additions	Reductions	Balance 6-30-15	Current Portion
UAF	$ 2,497,090		$ 579,837	$ 1,917,253	$ 162,395
UAFS	1,725,745	$ 7,455	216,650	1,516,550	216,650
UALR	1,812,046		612,354	1,199,692	355,961
UAM	495,675		100,253	395,422	100,785
UAMS	55,620,000	5,587,000	10,437,000	50,770,000	10,611,000
UAPB	37,500		37,500		
CCCUA	1,460,064		398,584	1,061,480	135,613
UACCB	865,486		294,627	570,859	165,463
UACCH	881,755		109,450	772,305	109,669
UACCM	523,448		79,692	443,756	79,995
SYSTEM	-	500,000		500,000	49,507
TOTAL	$ 65,918,809	$ 6,094,455	$ 12,865,947	$ 59,147,317	$ 11,987,038

CAPITAL LEASES

Campus	Balance 6-30-14	Additions	Reductions	Balance 6-30-15	Current Portion
UAF	$ 9,605	$ 564,083	$ 152,072	$ 421,616	$ 135,812
UAFS	581,253		35,107	546,146	36,480
UALR	2,882,370		914,966	1,967,404	775,070
UAMS	30,896,000	10,731,000	7,989,000	33,638,000	8,748,000
UAPB	1,195,718		544,479	651,239	510,595
CCCUA	15,524		6,964	8,560	3,408
PCCUA	175,477		42,037	133,440	43,881
TOTAL	$ 35,755,947	$ 11,295,083	$ 9,684,625	$ 37,366,405	$ 10,253,246

INSTALLMENT CONTRACTS

Campus	Balance 6-30-14	Additions	Reductions	Balance 6-30-15	Current Portion
UAF	$ 31,351,371		$ 2,669,601	$ 28,681,770	$ 2,795,733
TOTAL	$ 31,351,371	$ 0	$ 2,669,601	$ 28,681,770	$ 2,795,733

The current portion shown above for bonds, notes, capital leases, and installment contracts differs from the statement of net position by $20,026, which is the current portion of an elimination entry (see Note 18).

Future Principal and Interest Payments

Total long-term debt principal and interest payments are shown below. As required by GASB Statement no. 38, interest payments for variable rate debt have been calculated using the rate in effect at the financial statement date. Actual rates will vary. The total principal amount of $1,239,325,492 differs from the amount of $1,325,897,033 shown on the statement of net position. This is due to $87,309,126 of amortization due to bond premiums/discounts offset by an elimination entry of $737,585 (see Note 18).

Note 7: Bonds, Notes, Capital Leases, and Installment Contracts Payable (Continued)

Future Principal and Interest Payments (Continued)

BONDS & NOTES

FUTURE PRINCIPAL AND INTEREST PAYMENTS

Year Ended June 30,	Principal	Interest	Total
2016	$ 57,327,038	$ 49,749,550	$ 107,076,588
2017	64,442,090	48,018,630	112,460,720
2018	59,295,830	46,060,871	105,356,701
2019	61,656,993	44,019,850	105,676,843
2020	57,199,272	41,836,806	99,036,078
2021-2025	252,623,552	173,476,344	426,099,896
2026-2030	243,164,439	116,692,280	359,856,719
2031-2035	228,798,103	61,195,356	289,993,459
2036-2040	119,640,000	18,911,230	138,551,230
2041-2044	29,130,000	1,885,281	31,015,281
TOTALS	$ 1,173,277,317	$ 601,846,198	$ 1,775,123,515

CAPITAL LEASES

FUTURE PRINCIPAL AND INTEREST PAYMENTS

Year Ended June 30,	Principal	Interest	Total
2016	$ 10,253,246	$ 1,092,065	$ 11,345,311
2017	8,071,466	773,426	8,844,892
2018	6,133,428	584,873	6,718,301
2019	5,030,381	445,064	5,475,445
2020	3,054,822	316,898	3,371,720
2021-2025	4,716,947	355,653	5,072,600
2026-2027	106,115	4,292	110,407
TOTALS	$ 37,366,405	$ 3,572,271	$ 40,938,676

INSTALLMENT CONTRACTS

FUTURE PRINCIPAL AND INTEREST PAYMENTS

Year Ended June 30,	Principal	Interest	Total
2016	$ 2,795,733	$ 1,326,628	$ 4,122,361
2017	2,927,828	1,194,533	4,122,361
2018	3,066,166	1,056,195	4,122,361
2019	3,211,044	911,317	4,122,361
2020	3,362,770	725,200	4,087,970
2021-2024	13,318,229	1,256,006	14,574,235
TOTALS	$ 28,681,770	$ 6,469,879	$ 35,151,649

Note 7: Bonds, Notes, Capital Leases, and Installment Contracts Payable (Continued)

Capitalization of Assets held under Capital Leases

The capitalized value of capital assets held under capital leases totaled $46,899,757 at June 30, 2015. The present value of the net minimum lease payments is as follows:

	Cost	Accumulated Depreciation	Net
Improvements/Infrastructure	$ 281,686	$ 67,481	$ 214,205
Buildings	36,276,713	17,201,560	19,075,153
Equipment	37,915,390	19,170,311	18,745,079
Other	10,025,000	1,159,680	8,865,320
		TOTAL	$ 46,899,757

Total Minimum Lease Payments	$ 40,938,676
Less: Amount representing interest	3,572,271
Total Present Value of Net Minimum Lease Payments	$ 37,366,405

Pledged Revenues

For purposes of extinguishing the University's long-term debt issues, certain revenues have been pledged as security. The following is a summary of the gross revenues collected during the fiscal year ended June 30, 2015, that are pledged:

BOND SERIES	REVENUE SOURCE	FY15 REVENUE
UNIVERSITY OF ARKANSAS FAYETTEVILLE		
Series 1997 Various Facilities	Student Tuition and Fees	$ 258,604,292
Series 2005B Various Facilities	Sales and Services	8,674,631
Series 2007 Various Facilities	Residential Life	41,421,392
Series 2008A&B Various Facilities	Bookstore	17,685,978
Series 2009A Various Facilities	Student Health Services	2,881,754
Series 2011A&B Various Facilities	Transit and Parking	7,892,613
Series 2012A Various Facilities	Other Auxiliaries	591,834
Series 2012B Various Facilities		
Series 2013 Various Facilities		
Series 2014A&B Various Facilities		
Series 2015A Various Facilities		
		$ 337,752,494
Maturity dates range from November, 2022 through November, 2043		
	FY15 Principal and Interest	$ 42,699,578
	% of Revenue Pledge	12.64%
	Remaining Principal & Interest	$ 896,449,537
Series 2010 Athletic Refunding	Men's Athletic Revenue	$ 78,048,953
Series 2011 Athletic Facilities	(less game guarantees)	(3,186,843)
Series 2013 Athletic Facilities		
Series 2015 Athletic Facilities		
		$ 74,862,110
Maturity dates range from September, 2021 through September, 2027		
	FY15 Principal and Interest	$ 9,624,475
	% of Revenue Pledge	12.86%
	Remaining Principal & Interest	$ 72,892,847

Note 7: Bonds, Notes, Capital Leases, and Installment Contracts Payable (Continued)

Pledged Revenues (Continued)

UNIVERSITY OF ARKANSAS AT FORT SMITH			
Series 2009 Student Fee Revenue	Student Fee Revenue	$	35,843,214
Series 2010 Student Fee Revenue			
Series 2010B Student Fee Revenue			
Series 2012 Refunding			
Series 2014A			
Series 2014B			
		$	35,843,214
Maturity dates range from December, 2021 through June, 2039			
	FY15 Principal and Interest	$	8,093,604
	% of Revenue Pledge		22.58%
	Remaining Principal & Interest	$	112,432,492

UNIVERSITY OF ARKANSAS AT LITTLE ROCK			
Series 2009 Capital Improvement Revenue	Student Fee Revenue	$	73,362,307
Series 2013A Revenue Refunding			
Series 2013 Student Fee Revenue Capital Improvements			
Series 2013B Taxable Revenue Refunding			
		$	73,362,307
Maturity dates range from December, 2024 through October, 2030			
	FY15 Principal and Interest	$	6,592,741
	% of Revenue Pledge		8.99%
	Remaining Principal & Interest	$	92,427,615
Series 2009 Auxiliary Enterprises Revenue	Auxiliary Revenue	$	16,296,507
Series 2012A Student Housing Revenue			
Series 2012B Student Housing Refunding			
		$	16,296,507
Maturity dates range from December, 2029 through May, 2037			
	FY15 Principal and Interest	$	4,128,381
	% of Revenue Pledge		25.33%
	Remaining Principal & Interest	$	79,018,660

UNIVERSITY OF ARKANSAS AT MONTICELLO			
Series 2012 Various Facilities Refunding	Student Fee Revenue	$	17,609,258
	Sales and Services		497,283
	Auxiliary Enterprises		6,421,195
		$	24,527,736
Maturity date is December, 2035			
	FY15 Principal and Interest	$	536,982
	% of Revenue Pledge		2.19%
	Remaining Principal & Interest	$	11,176,656
Series 2010 Auxiliary Facilities Refunding	Auxiliary Enterprises	$	6,421,195
Series 2012 Auxiliary Facilities			
		$	6,421,195
Maturity dates range from October, 2018 through October, 2037			
	FY15 Principal and Interest	$	900,588
	% of Revenue Pledge		14.03%
	Remaining Principal & Interest	$	13,340,200

Note 7: Bonds, Notes, Capital Leases, and Installment Contracts Payable (Continued)

Pledged Revenues (Continued)

UNIVERSITY OF ARKANSAS FOR MEDICAL SCIENCES		
Series 2006 Various Facilities	Clinical Programs Revenue	$ 644,840,000
Series 2010 Various Facilities		
Series 2013 Various Facilities		
		$ 644,840,000
Maturity dates range from July, 2019 through March, 2036		
	FY15 Principal and Interest	$ 19,938,000
	% of Revenue Pledge	3.09%
	Remaining Principal & Interest	$ 359,062,000
Series 2010 Refunding Parking System	Parking Fees	$ 4,584,535
Series 2011 Refunding Parking System		
		$ 4,584,535
Maturity dates range from July, 2019 through July, 2034		
	FY15 Principal and Interest	$ 1,605,000
	% of Revenue Pledge	35.01%
	Remaining Principal & Interest	$ 16,215,000

UNIVERSITY OF ARKANSAS AT PINE BLUFF		
Series 2005B Various Facilities Revenue	Unrestricted Funds	$ 28,415,358
Series 2014A Various Facilities		
Series 2014B Various Facilities Refunding		
		$ 28,415,358
Maturity dates range from December, 2017 through June, 2036		
	FY15 Principal and Interest	$ 1,277,280
	% of Revenue Pledge	4.50%
	Remaining Principal & Interest	$ 25,178,706

COSSATOT COMMUNITY COLLEGE OF THE UNIVERSITY OF ARKANSAS		
Series 2013	Student Fee Revenue	$ 3,278,508
Maturity date is December, 2035		
	FY15 Principal and Interest	$ 266,737
	% of Revenue Pledge	8.14%
	Remaining Principal & Interest	$ 5,296,631

PHILLIPS COMMUNITY COLLEGE OF THE UNIVERSITY OF ARKANSAS		
Series 2009 Student Fee Refunding/Construction	Student Fee Revenue	$ 2,837,099
Series 2015 Refunding		
		$ 2,837,099
Maturity date is December, 2038		
	FY15 Principal and Interest	$ 584,035
	% of Revenue Pledge	20.59%
	Remaining Principal & Interest	$ 16,352,076

UNIVERSITY OF ARKANSAS COMMUNITY COLLEGE AT BATESVILLE		
Series 2010 Student Fee Revenue Refunding	Student Fee Revenue	$ 3,320,029
Maturity date is December, 2018		
	FY15 Principal and Interest	$ 288,423
	% of Revenue Pledge	8.69%
	Remaining Principal & Interest	$ 1,161,251

Note 7: Bonds, Notes, Capital Leases, and Installment Contracts Payable (Continued)

Pledged Revenues (Continued)

UNIVERSITY OF ARKANSAS COMMUNITY COLLEGE AT HOPE			
Series 2010 Student Fee Revenue	Student Fee Revenue	$	2,361,790
Series 2013 Student Fee Refunding Revenue			
		$	2,361,790
Maturity dates are September, 2020 through October, 1938			
	FY15 Principal and Interest	$	679,070
	% of Revenue Pledge		28.75%
	Remaining Principal & Interest	$	6,301,656

UNIVERSITY OF ARKANSAS COMMUNITY COLLEGE AT MORRILTON			
Series 2005 Student Fee Revenue Refunding	Student Fee Revenue	$	5,969,541
Series 2010 Student Fee Revenue Refunding			
		$	5,969,541
Maturity dates are November, 2017 through May, 2022			
	FY15 Principal and Interest	$	409,656
	% of Revenue Pledge		6.86%
	Remaining Principal & Interest	$	2,035,064

Refundings

Fayetteville Campus: On April 17, 2012, the University issued $56,965,000 in Various Facility Revenue Refunding Bonds, Series 2012A. The bonds, with interest rates of 1.0% to 5.0% were issued to refund $44,555,000 of outstanding bonds dated December 1, 2002, with an interest rate of 4.75% to 5.50%, and $17,080,000 of outstanding bonds dated October 1, 2004, with interest rates of 3.25% to 4.75%. Net bond proceeds and premium of $65,717,794 were deposited into the advance refunding fund to retire the bonds. The combined refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of $4,082,794. This difference, reported in the accompanying financial statements as deferred outflows of resources, will be amortized through the fiscal year 2033 using the straight-line method. The University completed the refunding to reduce its total debt service payments over the next twenty-one years by $9,331,777 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of $7,016,631. The bonds dated December 1, 2002, were refunded on December 1, 2012. The bonds dated October 1, 2004, continued to have regularly scheduled principal and interest payments made from the escrow account until the bond call date of November 1, 2014, at which time the remaining balance was refunded, and the escrow account was closed.

Fayetteville Campus: On February 12, 2015, the University issued $70,360,000 in Various Facility Revenue Refunding Bonds, Series 2015A. The bonds, with interest rates of 2.0% to 5.0% were issued to refund $2,750,000 of outstanding bonds dated October 1, 2004, with interest rates of 2.0% to 4.375%, $13,510,000 of outstanding bonds dated March 1, 2005, with interest rates of 3.0% to 4.5%, and $60,475,000 of outstanding bonds dated June 1, 2006, with interest rates of 4.0% to 5.0%. Net bond proceeds and premiums of $81,714,224 and cash from the University of $1,009,170 were deposited into an escrow account to retire the bonds. The refunding of the bonds dated March 1, 2005, and June 1, 2006, was an advance refunding. The combined refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of $5,083,047. This difference, reported in the accompanying financial statements as Deferred Outflows of Resources, will be amortized through the fiscal year 2037 using the straight-line method. The University completed the refunding to reduce its total debt service payments over the next twenty-three years by $8,513,389 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of $7,563,242. The escrow balance as of June 30, 2015, was $78,232,602. The refunding of the bonds dated October 1, 2004, was a current refunding and the bonds were called on March 15, 2015. The bonds dated March 1, 2005, will continue to have regularly scheduled principal and interest payments made from the escrow account until the bond call date of November 1, 2015, at which time the remaining balance will be refunded. The bonds dated June 1, 2006, will continue to have regularly scheduled principal and interest payments made from the escrow account until the bond call date of November 1, 2016, at which time the remaining balance will be refunded. The remaining balance of the defeased bonds at June 30, 2015, was $73,985,000.

Note 7: Bonds, Notes, Capital Leases, and Installment Contracts Payable (Continued)

Refundings (Continued)

Fayetteville Campus: On February 2, 2015, the University issued $14,180,000 in Athletic Facilities Revenue Refunding Bonds, Series 2015. The bonds, with interest rates of 2.0% to 5.0% were issued to refund $4,770,000 of outstanding bonds dated June 1, 2006, with interest rates of 4.0% to 4.375%, and $10,475,000 of outstanding bonds dated June 29, 2011, with interest rates of 2.0% to 4.895%. Net bond proceeds and premiums of $16,222,900 and cash from the University of $265,723 were deposited into the advance refunding fund to retire the bonds. The combined refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of $134,986. This difference, reported in the accompanying financial statements as Deferred Outflows of Resources, will be amortized through the fiscal year 2023 using the straight-line method. The University completed the refunding to reduce its total debt service payments over the next eight years by $1,413,277 and to obtain an economic gain of $1,084,087. The escrow balance as of June 30, 2015, was $16,155,588. The bonds dated June 1, 2006, will continue to have regularly scheduled principal and interest payments made from the escrow account until the bond call date of September 15, 2016. The bonds dated June 29, 2011, were not advance refunded in total. As of June 30, 2015, there was a balance of $5,500,000 outstanding that was not refunded. These bonds will continue to be paid normally through September 15, 2016. The refunded bonds dated June 29, 2011, will continue to have regularly scheduled interest payments made from the escrow account until the bond call date of September 15, 2016, at which date the principal will be refunded. The remaining balance of the defeased bonds at June 30, 2015, was $15,245,000.

Ft. Smith Campus: On June 1, 2014, the University issued refunding bonds of $5,295,000, with interest rates of 2% to 3.5% to advance refund $5,150,000 of outstanding bonds dated December 1, 2006, with interest rates of 3.6% to 5%. Bond proceeds of $5,265,638 were deposited in the advance refunding fund to retire the 2006 bonds. Remaining bond proceeds of $29,362 and premium proceeds of $75,820 were utilized for the payment of issuance costs. Remaining premium proceeds of $5,393 and accrued interest of $1,718 were deposited in the debt service fund to be applied to subsequent interest payments. The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of $115,638. The difference, reported in the accompanying financial statements as deferred outflows of resources, will be amortized through the fiscal year 2032 using the straight-line method. The University completed the refunding to reduce its total debt service payments over the next eighteen years by $549,425 and to obtain an economic gain (difference between the present values of the old debt and new debt service payments) of $421,934. The bonds were refunded on December 1, 2014, and the escrow account was closed.

Little Rock Campus: On April 1, 2013, the University issued $10,770,000 in Series 2013A Student Fee Revenue Refunding Bond (UALR Project) and $6,530,000 Taxable, with interest rates of 1% to 5% to advance refund $16,970,000 of the Series 2004B bond, with interest rates of 3.483% to 5%. Bond proceeds and premium of $18,417,129 were deposited into an escrow account with the trustee for defeasance of the prior bond. The combined refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of $1,250,792. This difference, reported in the accompanying financial statements as deferred outflows of resources, will be amortized through the fiscal year 2025 using the straight-line method. The University completed the refunding to reduce its total debt service payment by $1,181,006 over the next twelve years and to maintain bond compliance for property purchased with the Series 2004B Bonds and to obtain an economic gain (difference between the present value of the debt service payments on the old and new debt) of $1,108,967. The bonds were fully paid by December 1, 2014, and the escrow account was closed.

Note 7: Bonds, Notes, Capital Leases, and Installment Contracts Payable (Continued)

Refundings (Continued)

Medical Sciences Campus: On May 14, 2013, the University issued $112,665,000 in Various Facilities Revenue Refunding Bonds, Series 2013 with interest rates of 1% to 5% to advance refund Various Facility Revenue Refunding Bonds Series 2004A and Series 2004B. The 2004A bonds mature on November 1, 2018, and the 2004B bonds mature on November 1, 2034, and are callable on November 1, 2014. The revenue refunding bonds were issued at a premium of $16,667,015 and, after paying issuance costs of $210,039 and underwriter's discount of $653,457, the net proceeds were $128,468,519, net of accrued interest of $174,719. The net proceeds from the issuance of the bonds were used to purchase U.S. government securities and provide debt service payments until the term bonds were called on November 1, 2014. The advance refunding met the requirements of an in-substance debt defeasance, and the liability for the 2004A and 2004B Series bonds was removed from the statement of net position. As a result of the advance refunding, the University reduced its total debt service requirements by $14,429,197, which resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of $13,599,985. The escrow account has been closed.

Medical Sciences Campus: On December 17, 2014, UAMS issued revenue refunding bonds, Series 2014, of $86,035,000 (par value) with an interest rate of 2.52% to 3.17% to advance refund Various Facility Revenue Bond Series 2006 with remaining interest rates of 4.8% to 5.0% and a par value of $91,550,000. The 2006 bonds mature March 2036. The revenue refunding bonds were issued at a premium of $12,713,000 and issuance costs were $211,000 and underwriter's discount was $499,000. The net proceeds were $98,067,000. The net proceeds from the issuance of the revenue refunding bonds were used to purchase U.S. government securities to provide debt service payments. The advance refunding met the requirements of an in-substance debt defeasance and the 2006 Series bonds were removed from UAMS financial statements. As a result of the advance refunding, UAMS reduced its total debt service requirements by $10,012,000 which resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of $9,313,000. Principal payments are made annually until 2036. Interest payments are made semi-annually. There was a deferred refunding loss of $1,554,000 on the transaction which will be amortized as a component of interest expense until July 2036. The remaining balance of the defeased bonds at June 30, 2015, was $86,165,000.

Pine Bluff Campus: On June 1, 2014, the University issued $16,970,000 in Various Facilities Revenue Refunding Bonds, Series 2014, with interest rates of 2% to 5% to advance refund Various Facility Revenue Refunding and Construction Bonds, Series 2005A. The Series 2005A bonds mature on December 1, 2036, and are callable on December 1, 2015. The revenue refunding bonds were issued at a premium of $1,105,422 and after paying issuance costs of $86,000 and underwriter's discount of $140,002, the net proceeds were $17,849,420. Accrued interest of $46,780 will be utilized for an interest payment on the new Series 2014 bonds in December, 2014. The net proceeds from the issuance of the bonds were deposited into a special trust fund and will be used to provide debt service payments until the term bonds are called on December 1, 2015. As a result of the advance refunding, the University reduced its total debt service requirements by $1,900,872, which resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of $1,397,584. The balance in the escrow account at June 30, 2015, was $16,617,431. The remaining balance of the defeased bonds at June 30, 2015, was $16,225,000.

Note 7: Bonds, Notes, Capital Leases, and Installment Contracts Payable (Continued)

Refundings (Continued)
Phillips Campus: On April 22, 2015, the University issued Student Fee Refunding Revenue Bonds, Series 2015, in the amount of $11,270,000 with interest rates of 2.0% to 4.0%. The purpose of this issue was to refund $10,825,000 remaining from the Student Fee Revenue Bonds, Series 2009, which carried interest rates of 3.0% to 5.2%. Bond proceeds and premium of $11,363,995 (after payment of debt issuance costs of $88,411 and underwriter's discount of $84,525), along with remaining debt service reserve funds of $395,770 were deposited into the escrow fund to retire the Series 2009 bonds on December 1, 2016. The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of $1,022,966. This difference is reported in the accompanying financial statements as deferred outflows of resources and will be amortized over the remaining life of the bonds through 2038 using the straight-line method. The University accomplished the refunding to reduce its total debt service payments by $2,168,622 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of $1,338,117. The bonds are callable on December 1, 2016. The balance in the escrow account at June 30, 2015, was $11,513,563 and the remaining balance of the defeased bonds was $10,825,000.

Note 8: Commitments

The University has contracted for the construction and renovations of several facilities. At June 30, 2015, the estimated remaining costs to complete these facilities are shown below.

Campus	Contract Balance
UAF	$ 37,005,720
UAFS	12,355,368
UALR	4,125,368
UAM	233,347
UAMS	5,600,000
UAPB	150,606
CCCUA	37,843
PCCUA	197,246
UACCH	651,916
UACCM	608,947
	$ 60,966,361

The University has entered into various operating leases for buildings and equipment. It is expected that in the normal course of business such leases will continue to be required. Total operating leases paid in the fiscal year ended June 30, 2015, were $14,958,943. Below are the scheduled payments for each of the five succeeding fiscal years and thereafter.

Operating Leases	
Year Ended June 30,	Amount
2016	$ 7,185,770
2017	4,990,915
2018	2,127,242
2019	1,223,339
2020	759,108
2021-2025	2,117,315

Note 9: Short-Term Borrowing

The GASB Statement no. 38, *Certain Financial Statement Note Disclosures,* states that governments should provide details about short-term debt activity during the year, even if no short-term debt is outstanding at year-end. The University had no short-term debt activity during the fiscal year, nor is there any outstanding balance of short-term debt as of June 30, 2015.

Note 10: Capital Assets

Following are changes in capital assets for the year ended June 30, 2015:

CAPITAL ASSETS	June 30, 2014 Balance	Additions	Transfers	Deletions	June 30, 2015 Balance
Land	$ 96,009,795	$ 5,718,652		$ 780,040	$ 100,948,407
Library Holdings	134,263,983	3,133,712		1,254,367	136,143,328
Construction in progress	117,245,316	144,986,401	$ (64,624,803)	76,300	197,530,614
Improvements and infrastructure	262,038,454	1,623,249	16,272,981		279,934,684
Buildings	3,141,569,980	22,848,763	45,536,404	1,775,732	3,208,179,415
Equipment	575,621,779	34,645,393	(2,577,582)	14,198,842	593,490,748
Intangibles - Software	162,561,190	1,038,940	(4,582,000)		159,018,130
Intangibles - Software in develop		913,548			913,548
Intangibles - Leasehold Improve	1,129,819				1,129,819
Intangibles - Radio License	67,809				67,809
Other	37,415,712	7,333,138	9,975,000	449,000	54,274,850
Total Capital Assets	$ 4,527,923,837	$ 222,241,796	$ 0	$ 18,534,281	$ 4,731,631,352
Less accumulated depreciation:					
Library Holdings	$ 110,993,310	$ 4,426,693		$ 1,526,288	$ 113,893,715
Improvements and infrastructure	114,606,388	11,837,628			126,444,016
Buildings	1,172,334,583	101,873,147	$ (4,000)	439,400	1,273,764,330
Equipment	443,356,254	42,068,931	(757,000)	13,771,081	470,897,104
Intangibles - Software	84,359,867	8,045,227	(76,000)	1,000	92,328,094
Intangibles - Leasehold Improve	303,986	60,798			364,784
Other	12,998,047	4,700,380	837,000	265,000	18,270,427
Total Accum Depreciation	$ 1,938,952,435	$ 173,012,804	$ 0	$ 16,002,769	$ 2,095,962,470
Capital Assets, Net	$ 2,588,971,402	$ 49,228,992	$ 0	$ 2,531,512	$ 2,635,668,882

Library holdings, including old and rare books, valued at $1,280,000, held by the Medical Sciences Campus, are not included in the above chart or in the accompanying statement of net position. The difference in additions to accumulated depreciation shown above and depreciation expense shown on the statement of revenues, expenses, and changes in net position is $235,999, which is an adjustment by the Medical Sciences campus to record the addition of a fully depreciated building and its related accumulated depreciation.

Note 11: Risk Management

The University of Arkansas Risk Management Program provides insurance coverage for all campuses within the University of Arkansas System with the exception of the Fort Smith campus. The role of the System Office is to analyze and recommend insurance coverage, but it is ultimately up to each campus to inform the System Office regarding their specific coverage requirements.

Property coverage is insured through FM Global with a $100,000 deductible at the Fayetteville, Medical Sciences, and Little Rock campuses. The other covered campuses have a $50,000 deductible. The FM Global policy also contains earthquake/flood and domestic/foreign terrorism coverage. Additionally, the Fayetteville, Medical Sciences, Phillips, and Morrilton campuses have business interruption coverage with FM Global.

Auto coverage, through Cypress Insurance, has a physical damage deductible of $1,000 and provides coverage against liability losses up to $1,000,000 per occurrence.

Note 11: Risk Management (Continued)

The Medical Sciences campus maintains malpractice insurance for certain employees under a claims-made policy. The Fort Smith campus acquires its own property insurance through Alliant Property Insurance ($25,000 deductible) and auto insurance through Cypress Insurance ($5,000 deductible).

The University does not purchase general liability, errors or admissions, or tort immunity for claims arising from third-party losses on University property as the University of Arkansas has sovereign immunity against such claims. Claims against the University for such losses are heard before the State Claims Commission. In such cases where the University enters into a lease agreement to hold a function at a location not owned by the University or for special events off-campus, general liability coverage may be purchased for such functions.

The University maintains worker's compensation coverage through the State of Arkansas program. Premiums are paid through payroll and are based on a formula calculated by the Arkansas Department of Finance and Administration. The types of benefits and expenditures that are paid include the following: medical expenses, hospital expenses, death benefits, disability and claimant's attorney fees.

Additionally, the University participates in the State of Arkansas Fidelity Bond Program for claims of employee dishonesty. This program has a limit of $250,000 recovery per occurrence with a $2,500 deductible. Premiums are paid annually via a fund transfer from state appropriations to the Arkansas Department of Finance and Administration.

There have been no reductions in insurance coverage from the prior fiscal year. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Note 12: Employee Benefits

Insurance Plans

The Board of Trustees of the University of Arkansas System sponsors self-funded health (including prescription coverage) and dental benefit plans for University of Arkansas System (the University) employees and their eligible dependents. The System Administration manages and administers these plans. Participation in the health and dental plans includes employees of the Fayetteville, Batesville, Little Rock, Monticello, Morrilton, Pine Bluff, and Medical Sciences campuses, the Arkansas School for Mathematics, Sciences and the Arts, the University of Arkansas Foundation, Inc., the University of Arkansas Winthrop Rockefeller Institute, and the University of Arkansas System Administration. Employees at the Phillips County and Cossatot campuses participate only in the health plan. As of January 1, 2015, UAFS joined the plan along with UACCH, who has maintained its own dental plan.

At June 30, 2015, a total of 16,892 active employees, former employees, and pre-65 retirees were participants in the health plan. As of June 30, 2015, the University offers two different health plans: Classic (HMO) and Point of Service (POS). Participating campuses pay anywhere from 49% to 100% of the Classic Plan premium and 31% to 90% of the Point of Service Plan premium. Each campus makes its contribution determination based on budget considerations. Retirees and former employees, through COBRA, participate on a fully contributory basis. A total of 17,560 active employees, former employees, and retirees were participants in the dental plan as of June 30, 2015. The University pays 0% to 51% of the total premium for full-time active employees, while retirees and former employees, through COBRA, participate on a fully contributory basis.

Both plans are accounted for on the accrual basis. No acquisition costs were capitalized at the onset of the plan. The System Administration estimates the medical and pharmacy claims liability to be $20,224,000 at June 30, 2015. This liability is established for incurred but not paid (IBNP) claims, and includes a related accrual for claim adjustment expenses, which are expenses incurred in the ultimate settlement of the claim. The claims and claims adjustment accrual for health and pharmacy is based on the calculation prepared by Aon Hewitt.

Note 12: Employee Benefits (Continued)

Insurance Plans (Continued)

The System Administration estimates the dental claims liability to be $576,000 at June 30, 2015. This liability is established for incurred but not paid (IBNP) claims. The IBNP claims liability includes a related accrual for claim adjustment expenses, which are expenses incurred in the ultimate settlement of the claim. The claims and claims adjustment accrual for dental is based on the calculation prepared by Aon Hewitt.

The System Administration purchases specific reinsurance from United Healthcare-BP to reduce its exposure to large claims. In a fiscal year, after paying claims of more than $1,000,000 for any one covered individual, the University pays an aggregating specific deductible of $75,000, whether from one or more covered individuals also exceeding $1,000,000 in paid claims, before being reimbursed from the reinsurance company.

The plan has not purchased any annuity contracts on behalf of claimants. If needed, the University would make arrangements through its reinsurance carrier.

The funding levels for the Plan were established based upon anticipated year-end loss ratios of 95%. As of June 30, 2015, the loss ratio for the health plan was 112% and the loss ratio for the dental plan was 94%.

The System Administration retains and accounts for all of the risk financing associated with the self-insurance plan's activities as defined by GASB Statement no. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues.*

Effective January 1, 2014, the plan for Medicare eligible retirees was changed to a fully insured Medicare Advantage program. Retirees pay 100% of the fully insured premium directly to United Healthcare.

Reconciliation of Changes in the Liability for Future Insurance Claims

	FY15
Unpaid claims and claim adjustment expenses at beginning of year	$ 14,524,000
Incurred claims and claim adjustment expenses:	
Provision for insured events of the current year	155,077,772
Adjustment in provision for insured events of prior years	3,534,216
Total incurred claims and claim adjustment expenses	158,611,988
Payments:	
Claims and claim adjustment expenses attributable to insured events of the current year	134,277,772
Claims and claim adjustment expenses attributable to insured events of prior years	18,058,216
Total Payments	152,335,988
Total unpaid claims and claim adjustment expenses at end of year	**$ 20,800,000**

The liability for future insurance claims includes health, pharmacy and dental incurred but not paid (IBNP) claims/claim adjustment expenses only.

Note 12: Employee Benefits (Continued)

Retirement Plans

Substantially all employees of the University participate in either the Optional Retirement Program (ORP), which includes Teachers Insurance Annuity Association – College Retirements Equities Fund (TIAA-CREF) and Fidelity Investments, or the Arkansas Public Employee Retirement System (APERS). The Arkansas Teacher Retirement System (ATRS) is available only to employees who were enrolled as of July, 2011. APERS and ATRS are both defined benefit plans.

The ORP is a defined contribution plan. The plan includes both a 403(b) program and a 457(b) program as defined by the Internal Revenue Service Code of 1986 as amended. The authority under which the Plan's benefit provisions are established or amended is the President of the University or his designee. Arkansas Code Annotated authorizes participation in the plan.

Participants in the University's plan can choose to be contributory or non-contributory. The University automatically contributes 5% of an employee's regular salary to TIAA-CREF and/or Fidelity Investments retirement account, allocated between the two companies according to the employee's choice. For any contributions an employee makes in excess of 5% regular salary, the University makes an equal contribution, with a maximum total University contribution of 10% of regular salary up to the IRS match limit, which at June 30, 2015, was $26,500. Employee contributions in excess of 10% are allowed by the plans in accordance with Internal Revenue Service regulations, but the University does not match these additional contributions. All benefits attributable to plan contributions made by the participant are immediately vested in the participant, and contributions made by the University are vested upon completion of one year of employment. The University's TIAA/CREF and Fidelity contributions for the fiscal year 2015 were $87,614,804. The participants' contributions for the fiscal year 2015 were $92,600,359.

APERS is a cost-sharing multiple employer defined benefit pension plan administered by the State of Arkansas. The University's required contribution rate was 14.76% in fiscal year 2015. Those employees hired after July 1, 2005, must be contributory unless they had prior service as a state employee. Employees hired before that date may be contributory. The University's contributions for the fiscal year 2015 were $4,316,084. Participants' contributions for the fiscal year 2015 were $1,184,510. The annual required contribution amounts and the percentage contributed are determined by the annual actuarial valuation as set forth in Arkansas Code. APERS issues a publicly available financial report, which may be obtained by writing: APERS, One Union National Plaza, 124 W. Capitol, 5th Floor, Little Rock, AR 72201.

ATRS is a cost-sharing multi-employer defined benefit pension plan. The University contributes 14% of all covered employees' salaries. Under certain conditions, covered employees may voluntarily contribute 6% of their salary. The University's contributions for the fiscal year 2015 were $1,612,297. Participants' contributions for the fiscal year 2015 were $487,295. The annual required contribution amounts and the percentage contributed are determined by the annual actuarial valuation as set forth in Arkansas Code. ATRS issues a publicly available financial report, which may be obtained by writing: ATRS, 1400 W. 3rd Street, Little Rock, AR 72201.

Note 12: Employee Benefits (Continued)

Retirement Plans (Continued)
Cooperative Extension Service employees who hold accepted appointments with the U.S. Department of Agriculture are covered by one of the above plans depending on when employment began. Employees employed prior to January 1, 1984, are on the Civil Service Retirement System. This system requires an employee contribution of 7% and the University contributes 8.51%. Employees hired between January 1, 1984, and July 31, 1987, are either on the Civil Service Offset or the Federal Employees Retirement System, depending on their length of prior federal service. Both systems require an employee contribution of 0.80%. The Civil Service Offset requires matching of 8.51% and the Federal Employees Retirement system requires agency matching of 10.7%. Employees on Civil Service participate in TIAA-CREF and Fidelity. The Thrift Savings Plan is another retirement savings and investment plan for Federal employees at the UA Cooperative Extension Service. It is a defined contribution plan and its purpose is to provide retirement income for Federal employees similar to that provided employees covered under the Civil Service Retirement System but without employer matching. Employees covered under the Federal Employees Retirement System receive a mandatory 1% employer contribution. The University's contributions for the fiscal year 2015 for both the Civil Service Retirement System and the Thrift Savings Plan were $364,174. The participants' contributions for the fiscal year 2015 were $250,366.

The University of Arkansas community colleges offer APERS and their own ORP which is a 403(b) plan. With the exception of PCCUA, which follows the standard 5% up to 10% match, contributions by the institutions range from 10% to 14% of earnings and employees have a mandatory contribution of 6% and, within the IRS guidelines, may elect to contribute more. Contributions can be made to TIAA-CREF, American Fidelity or VALIC. The University's VALIC contributions for the fiscal year 2015 were $1,607,621. The participants' contributions to VALIC for fiscal year 2015 were $1,156,013. The participants' contributions to American Fidelity for fiscal year 2015 were $2,440.

The University has, from time to time, negotiated voluntary early retirement agreements with faculty and staff which may include the provision of a stipend and healthcare or other benefits for future periods. The amount of liability established for these type agreements was $2,977,039 at June 30, 2015.

Note 13: Defined Benefit Pension Plans

As discussed in Footnote 1, GASB Statements no. 68 and no. 71 established standards of accounting and financial reporting for defined benefit pensions and defined contribution pensions. As a result, beginning net position, as reported on the Statement of Revenues, Expenses, and Changes in Net Position, was reduced by $40,275,748. Details of the effect of implementing these statements are discussed in detail below.

Arkansas Public Employees Retirement System (APERS)

Plan Description
APERS is a cost-sharing, multiple-employer, defined benefit plan administered by the State of Arkansas. The plan was established by the authority of the Arkansas General Assembly with the passage of Act 177 of 1957. The costs of administering the plan are paid out of investment earnings. The general administration and responsibility for the proper operation of the System is vested in the nine members of the Board of Trustees of the Arkansas Public Employees Retirement System (the Board). Membership includes three state and three non-state employees, all appointed by the Governor, and three ex-officio trustees, including the Auditor of the State, the Treasurer of the State and the Director of the Department of Finance and Administration. APERS issues a publicly available financial report that can be obtained at http://www.apers.org/annualreports.

Note 13: Defined Benefit Pension Plans (Continued)

Arkansas Public Employees Retirement System (APERS) (Continued)

Benefits Provided

Benefit provisions are set forth in Arkansas Code Annotated, Title 24, Chapters 5 and 6 and may only be amended by the Arkansas General Assembly. APERS provides retirement, disability, and death benefits. Retirement benefits are determined as a percentage of the member's highest 3-year average compensation times the member's years of service. The percentage used is based upon whether a member is contributory or noncontributory as follows:

Contributory, prior to 7/1/2005	2.07%
Contributory, on or after 7/1/2005	2.03%
Non-Contributory	1.72%

Members are eligible to retire with a full benefit under the following conditions:

- at age 65 with 5 years of service,
- at any age with 28 years actual service,
- at age 60 with 20 years of actual service if under the old contributory plan (prior to July 1, 2005)

Members may retire with a reduced benefit at age 55 with at least 5 years of actual service at age 55, or at any age with 25 years of service.

Members are eligible for disability benefits with 5 years of service. Disability benefits are computed as an age and service benefit, based on service and pay at disability. Death benefits are paid to a surviving spouse as if the member had 5 years of service and the monthly benefit is computed as if the member had retired and elected the Joint & 75% Survivor option. A cost-of-living adjustment of 3% of the current benefit is added each year.

Contributions

Contribution requirements are set forth in Arkansas Code Annotated, Title 24, Chapter 4. The contributions are expected to be sufficient to finance the costs of benefits earned by members during the year and make a level payment that, if paid annually over a reasonable period of future years, will fully cover the unfunded costs of benefit commitments for services previously rendered. Members who began service prior to July 1, 2005 are not required to make contributions to APERS. Members who began service on or after July 1, 2005 are required to contribute 5% of their salary. Employers are required to contribute at a rate established by the Board of Trustees of APERS based on an actuary's determination of a rate required to fund the plan. The University contributed 14.76% of applicable compensation for the fiscal year ended June 30, 2015. The University's and member's contributions for the year ending June 30, 2015, were $4,316,084 and $1,184,510, respectively.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources to Pensions

At June 30, 2015, the University reported a liability of $20,737,110 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The University's proportion of the net pension liability was based on the University's share of contributions to the pension plan relative to the total contributions of all participating employers. At June 30, 2014, the University's proportion was 1.462 percent.

Note 13: Defined Benefit Pension Plans (Continued)

Arkansas Public Employees Retirement System (APERS) (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources to Pensions (Continued)

For the year ended June 30, 2015, the University recognized pension expense of $2,182,972. At June 30, 2015, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience		$(263,461)
Changes of assumptions	$2,447,958	
Net difference between projected and actual earnings on pension plan investments		$(8,155,857)
University contributions subsequent to the measurement date	$4,316,084	
Total	$6,764,042	$(8,419,318)

$4,316,084 reported as deferred outflows of resources related to pensions resulting from University contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in the financial statements as follows:

Year ended June 30:	
2016	$(1,429,323)
2017	(1,429,323)
2018	(1,429,323)
2019	(1,683,391)
2020	0
Thereafter	0

Actuarial Assumptions

The total pension liability in the June 30, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level of Percent of Payroll, Closed
Remaining Amortization Period	23 years
Asset Valuation Method	4-year smoothed market; 25% corridor
Investment Rate of Return	7.75%
Salary Increases	3.75 – 10.35% including inflation
Wage Inflation	3.75%
Post-Retirement Cost-of-Living Increases	3% Annual Compounded Increase
Mortality Table	Based on RP-2000 Combined Health mortality table, projected to 2020 using Projection Scale BB, set-forward 2 years for males and 1 year for females
Average Service Life of All Members	4.5972

Note 13: Defined Benefit Pension Plans (Continued)

Arkansas Public Employees Retirement System (APERS) (Continued)

Actuarial Assumptions (Continued)
The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of June 30, 2014, are summarized below:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Fixed Income	9%	.50%
Fixed Income Defensive	9	.80
Large Cap Domestic Equity	20	6.65
Small/Mid Cap Domestic Equity	17	7.90
International Equity	12	7.00
Emerging Market Equity	12	9.20
Private Equity	2.5	11.30
Hedge Funds	2.5	3.19
Real Estate	16	5.10
Total	100%	

Assumption Changes: Economic assumptions were updated in the June 30, 2014, valuation to a 7.75% investment return assumption and a 3.75% wage inflation assumption.

Discount Rate
A single discount rate of 7.75% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.75%. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate
The following presents the University's proportionate share of the net pension liability using the discount rate of 7.75%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75%) or 1-percentage-point higher (8.75%) than the current rate:

Sensitivity of Discount Rate		
1% Decrease (6.75%)	Discount Rate (7.75%)	1% Increase (8.75%)
$37,206,691	$20,737,110	$7,015,014

Pension Plan Fiduciary Net Position
Detailed information about the pension plan's net position is available in the separately issued APERS financial report.

Note 13: Defined Benefit Pension Plans (Continued)

Arkansas Teacher Retirement System (ATRS)

Plan Description

Benefit provisions are set forth in Arkansas Code Annotated, Title 24, Chapter 7 and may only be amended by the Arkansas General Assembly. ATRS is a cost-sharing, multiple-employer, defined benefit pension plan administered by the State of Arkansas. The plan was established by the authority of the Arkansas General Assembly with the passage of Act 266 of 1937. The costs of administering the plan are paid out of investment earnings. The general administration and responsibility for the proper operation of the System is vested in the fifteen members of the Board of Trustees of the Arkansas Teacher Retirement System (the Board). Membership includes eleven members who are elected and consist of seven active members of ATRS with at least five years of actual service, three retired members receiving an annuity from ATRS, and one active or retired member from a minority racial ethnic group. There are also four ex officio members, including the State Bank Commissioner, the Treasurer of the State, the Auditor of the State, and the Commissioner of Education. ATRS issues a publicly available financial report that can be obtained at https://www.artrs.gov/publications.

Benefits Provided

ATRS provides retirement, disability and death benefits. Retirement benefits are determined as a percentage of the member's highest 3-year average compensation times the member's years of service. The percentage used is based upon whether a member is contributory or noncontributory as follows:

Contributory	2.15%
Non-Contributory	1.39%

Members are eligible to retire with a full benefit under the following conditions:

- at age 60 with 5 years of credited service,
- at any age with 28 years credited service,

Members with 25 years of credited service who have not attained age 60 may retire with a reduced benefit.

Members are eligible for disability benefits with 5 years of service. Disability benefits are computed as an age and service benefit, based on service and pay at disability. Survivor benefits are payable to qualified survivors upon the death of an active member with 5 years of service. The monthly benefit paid to eligible spouse survivors is computed as if the member had retired and elected the Joint & 100% Survivor option. Minor child survivors receive a percentage of the member's highest salary earned. ATRS also provides a lump sum death benefit for active and retired members with 10 years of actual service. The amount for contributory members will be up to $10,000 and up to $6,667 for noncontributory members. A cost-of-living adjustment of 3% of the current benefit is added each year.

Effective July 1, 2011, new employees of the University are no longer eligible to participate in the Arkansas Teacher Retirement System (ATRS). Existing ATRS participants are allowed to continue ATRS participation.

Contributions

Contribution requirements are set forth in Arkansas Code Annotated, Title 24, Chapter 7. The contributions are expected to be sufficient to finance the costs of benefits earned by members during the year and make a level payment that, if paid annually over a reasonable period of future years, will fully cover the unfunded costs of benefit commitments for services previously rendered. ATRS has contributory and noncontributory plans. The contributory plan has been in effect since the beginning of ATRS. The noncontributory plan became available July 1, 1986. Act 81 of 1999, effective July 1, 1999, requires all new members to be contributory and allowed active members as of July 1, 1999, until July 1, 2000, to make an irrevocable choice to be contributory or noncontributory. Act 93 of 2007 allows any noncontributory member to make an irrevocable election to become contributory on July 1 of each fiscal year. Employers are required to contribute at a rate established by the Board of Trustees of ATRS based on an actuary's determination of a rate required to fund the plan. The University contributed 14.00% of applicable compensation for the fiscal year ended June 30, 2015. The University's and member's contributions for the year ending June 30, 2015, were $1,612,297 and $487,295, respectively.

Note 13: Defined Benefit Pension Plans (Continued)

Arkansas Teacher Retirement System (ATRS) (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources to Pensions

At June 30, 2015, the University reported a liability of $11,467,444 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The University's proportion of the net pension liability was based on the University's share of contributions to the pension plan relative to the total contributions of all participating employers. At June 30, 2014, the University's proportion was 0.437 percent.

For the year ended June 30, 2015, the University recognized pension expense of $817,590. At June 30, 2015, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience		$(370,776)
Changes of assumptions		
Net difference between projected and actual earnings on pension plan investments		$(4,930,172)
University contributions subsequent to the measurement date	$1,612,297	
Total	$1,612,297	$(5,300,948)

$1,612,297 reported as deferred outflows of resources related to pensions resulting from University contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in the pension expense in the financial statements as follows:

Year ended June 30:	
2016	$(1,311,800)
2017	(1,311,800)
2018	(1,311,800)
2019	(1,311,800)
2020	(53,748)
Thereafter	0

Note 13: Defined Benefit Pension Plans (Continued)

Arkansas Teacher Retirement System (ATRS) (Continued)

Actuarial Assumptions

The total pension liability in the June 30, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level of Percent of Payroll, closed
Remaining Amortization Period	30 years
Asset Valuation Method	4-year smoothed market; 20% corridor
Wage Inflation	3.25%
Salary Increases	3.25 – 9.10% including inflation
Investment Rate of Return	8%
Post-Retirement Cost-of-Living Increases	3% Simple
Mortality Table	Based on RP-2000 Mortality table for males and females, projected 25 years using Projection Scale AA, (95% for men & 87% for women)
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2011 valuation pursuant to an experience study for the period July 1, 2005 – June 30, 2010

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the System's target asset allocation as of June 30, 2014, are summarized below:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	20%	4.7%
Global Equity	30	5.0
Fixed Income	20	2.0
Alternatives	5	5.0
Real Assets	15	4.6
Private Equity	10	6.6
Cash Equivalents	0	1.2
Total	100%	

Discount Rate

A single discount rate of 8.0% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 8.0%. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be 14% of payroll. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Note 13: Defined Benefit Pension Plans (Continued)

Arkansas Teacher Retirement System (ATRS) (Continued)

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate
The following presents the University's proportionate share of the net pension liability using the discount rate of 8.00%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.00%) or 1-percentage-point higher (9.00%) than the current rate:

Sensitivity of Discount Rate		
1% Decrease (7.00%)	Discount Rate (8.00%)	1% Increase (9.00%)
$20,516,311	$11,467,444	$3,854,297

Pension Plan Fiduciary Net Position
Detailed information about the pension plan's net position is available in the separately issued ATRS financial report.

Note 14: Other Postemployment Benefits (OPEB)

The University offers postemployment health (including prescription drugs) and dental benefits, along with life insurance ($10,000 available coverage), to eligible retirees. Health and dental benefits are provided in the University's self-funded plan sponsored by the Board of Trustees of the University of Arkansas System for current and pre-65 retired employees. The plan is considered a single-employer, defined benefit plan. The System Administration manages and administers the plan. Although benefits are also provided under the University's plan for the University of Arkansas Foundation, Inc., and the University of Arkansas Winthrop Rockefeller Institute, no postemployment benefit is accrued by the University for these private entities. Financial activities of the plan are reported in the University of Arkansas consolidated financial report.

The Hope and Fort Smith campuses joined the University's plan in January 2015. Hope previously participated in the Arkansas Higher Education Consortium Benefits Trust. The Fort Smith campus previously provided medical benefits through the University of Arkansas at Fort Smith Benefit Plan, which is in the process of being dissolved. Because these campuses were not part of the University's self-funded plan on the census date, the liability for these campuses was calculated on the same basis as previous years.

In June 2004, the GASB issued Statement no. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions,* which became effective for the fiscal year ending June 30, 2008. This statement requires governmental entities to recognize and match other postretirement benefit costs with related services received and also to provide information regarding the actuarially calculated liability and funding level of the benefits associated with past services. The calculation reflects expected future medical costs. It includes an accrual for all active employees by valuing the benefits they are anticipated to receive in retirement based on the likelihood that they will stay employed until eligible for postretirement benefits. As a result of the implementation of this statement, the University accrued $56,024,345 in retiree healthcare liability as of June 30, 2015.

Note 14: Other Postemployment Benefits (OPEB) (Continued)

Retirees pay 100% of premiums for all campuses with the exception that UACCM will pay the premium for those employees retiring on or after age 62 with at least 20 years of service. Employer costs are funded on a pay-as-you-go basis for all campuses. Retirees qualify for postretirement benefits as follows:

UAFS: Employees must be at least age 55 and have at least 10 years of service.

CCCUA: Employees must be at least age 60 and have at least 5 years of service.

UACCH: Employees must have at least 10 years of service.

UACCM: Employees must be at least age 60 and have at least 10 years of service.

ALL OTHERS: Employees must have a combination of age and years of service of at least 70 with at least 10 years of coverage under the plan. Retirees may cover spouses and eligible dependent children. Surviving spouses can continue coverage after retiree's death.

Effective January 1, 2014, the plan for Medicare eligible retirees was changed to a fully insured Medicare Advantage program. Retirees pay 100% of the fully insured premium directly to United Healthcare. As a result, no liabilities for Medicare eligible retiree benefits are included in this valuation.

Summary of Key Actuarial Methods and Assumptions

Valuation date	July 1, 2014; Census data collected as of January 1, 2015
Actuarial cost method	Projected unit credit
Amortization method	30 years open, level % of payroll
Asset valuation method	N/A
Discount rate	4.5%
Projected payroll growth rate	4.0%
Medical inflation rate	Immediate rate of 6% with a 1% increase in year 2 followed by 0.25% decrease starting in year 4 to an ultimate rate of 4.5%

General Overview of the Valuation Methodology

The process of determining the liability for retiree medical benefits is based on many assumptions about future events. Future increases in health care costs are affected by many factors, including: medical inflation; change in utilization patterns; technological advances; cost shifting; cost leveraging; and changes to government medical programs, such as Medicare.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Calculations are based on the types of benefits provided under the terms of each plan at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point.

Changes in Actuarial Assumptions and Methods since the Prior Valuation:

The mortality table assumption changed from the RP-2000 Fully Generational Combined Healthy Mortality Table projected using scale AA for healthy and disabled lives to the RP-2014 Fully Generational Mortality Table for employees and healthy annuitants using the projection scale MP-2014 for healthy lives and the RP-2014 Fully Generational Mortality Table for disabled retirees using the projection scale MP-2014 for disabled lives. This change decreased the Actuarial Accrued Liability by $2,422,013 as of July 1, 2014.

Note14: Other Postemployment Benefits (OPEB) (Continued)

Changes in Actuarial Assumptions and Methods since the Prior Valuation (Continued):
The health care trend rates were updated to reflect future expectations. Also, the medical and pharmacy administrative expense was previously included in the claims cost. This assumption was separated from claims cost in order to better reflect expectations of future costs. These changes increased the Actuarial Accrued Liability by $7,872,199 as of July 1, 2014.

The life insurance administrative expenses were lowered from 19.6% to 15.0%. This change decreased the Actuarial Accrued Liability by $858,088 as of July 1, 2014.

***Medical Coverage – Retirees not Eligible for Medicare*:**
Claim experience for the period January 1, 2013, through February 28, 2015, was used to develop the claims cost for non-Medicare-eligible retirees. The paid claims data was converted to an incurred basis using a completion factor approach. This experience includes 1,037 life years of exposure and was deemed to be 61% credible for medical claims and 86% credible for prescription drug claims. The experience was combined with the active claims experience adjusted for demographic differences to produce the per capita claims costs used in the valuation. Adjustment factors were then applied to develop expected claims by age to be used in the valuation.

***Dental Coverage*:**
The dental rates are set to match projected costs. Based on a comparison of the recent dental claims plus fees, the dental rates are set at a level sufficient to cover projected costs. Retirees pay 100% of the budget rate for coverage. Therefore the cost for dental coverage was excluded from this valuation.

Mortality Rates:

Healthy: RP-2014 Fully Generational Mortality Table for employees and healthy annuitants using projection scale MP-2014

Disabled: RP-2014 Fully Generational Mortality Table for disabled retirees using projection scale MP-2014

***Withdrawal Rates*:** Select rates by location are based on length of service for the first five years and age thereafter:

Year	UAF	UAMS	Other
0	25%	30%	20%
1	25%	20%	20%
2	20%	18%	20%
3	16%	18%	15%
4	16%	15%	15%

Ultimate rates are from Sarason turnover table T-6 for UAF, table T-7 for UAMS, and table T-4 for all other locations. Rates for CCCUA and UACCM vary and are available in the actuarial report which can be obtained by writing the University of Arkansas System.

Retirement Rates, CCCUA, UACCM:

Age	Rate
50-59	5%
60	15%
61	14%
62	25%
63-64	15%
65	35%
66-68	30%
69 +	100%

Note 14: Other Postemployment Benefits (OPEB) (Continued)

Retirement Rates, All Others

Age	Rate
50-59	5%
60-61	10%
62	15%
63-66	10%
67-69	50%
70 +	100%

Future Retiree Coverage:

Retirees were assumed to remain in their current plan indefinitely (until age 65 at which point they would join the UHC Medicare Advantage plan).

CCCUA & UACCM – 80% of employees are assumed to elect medical and Rx coverage at retirement.

All Others -- 55% of employees are assumed to elect medical and Rx coverage at retirement.

75% of employees are assumed to elect life insurance coverage at retirement.

Future Dependent Coverage:

50% of employees electing medical and Rx coverage at retirement are assumed to be married and elect spouse coverage.

Spouse Age Differential:

Males are assumed to be 4 years older than females.

Determination of FY15 Accrual

Unfunded acturial accrued liability at 7-1-14	**$ 73,704,015**
Annual Required Contribution (ARC)	
Normal cost	$ 4,846,613
Amortization of the unfunded actuarial accrued liability over 30 years	2,650,031
Interest	337,716
Annual Required Contribution for FY15	7,834,360
Interest on Net OPEB Obligation	2,252,025
ARC Amortization Adjustment	(1,889,307)
Annual OPEB Cost for FY15	**$ 8,197,078**
Net OPEB Obligation, 7-1-14	$ 49,993,475
Annual OPEB Cost for FY15	8,197,078
Less: Expected Employer Contributions	(2,166,208)
Net OPEB Obligation, 6-30-15	**$ 56,024,345**

Note 14: Other Postemployment Benefits (OPEB) (Continued)

Schedule of Employer Contributions

Fiscal Year Ending	Annual OPEB Cost	Expected Contribution	Percentage Contributed	Net Obligation at Year-End
6-30-09	$ 9,440,819	$ 2,075,012	21.98%	$ 25,984,585
6-30-10	7,273,621	2,000,674	27.51%	31,257,532
6-30-11	6,407,408	1,715,955	26.78%	35,948,985
6-30-12	6,959,921	1,666,639	23.95%	41,242,267
6-30-13	6,604,080	2,038,220	30.86%	45,808,127
6-30-14	5,693,607	1,508,259	26.49%	49,993,475
6-30-15	8,197,078	2,166,208	26.43%	56,024,345

Schedule of Funding Progress

Fiscal Year Ending	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as Percentage of Covered Payroll
6-30-09	$ 0	$ 82,955,662	$ 82,955,662	0%	$ 982,002,008	8.45%
6-30-10	0	67,830,737	67,830,737	0%	952,169,503	7.12%
6-30-11	0	59,649,743	59,649,743	0%	977,592,138	6.10%
6-30-12	0	64,638,969	64,638,969	0%	1,042,067,018	6.20%
6-30-13	0	60,220,957	60,220,957	0%	1,072,221,612	5.62%
6-30-14	0	53,499,094	53,499,094	0%	1,103,763,909	4.85%
6-30-15	0	73,704,015	73,704,015	0%	1,127,553,054	6.54%

Note 15: Other Organizations

There are in existence several entities, in addition to those identified as component units in Note 1, which are related to the University. The purposes of these organizations are varied, but all were established to benefit the University, or its students, faculty and staff in some manner.

The Razorback Foundation, Inc. was incorporated on October 17, 1980, for the sole purpose of supporting intercollegiate athletics at the Fayetteville campus. Audited financial statements for the year ended June 30, 2015, are presented below in summary form and include the accounts of its wholly owned for-profit subsidiary, Sports Shows, Inc.

THE RAZORBACK FOUNDATION, INC.
CONDENSED STATEMENT OF FINANCIAL POSITION
As of June 30, 2015

Assets	
Cash and investments	$ 24,026,045
Other assets	29,447,465
Total Assets	$ 53,473,510
Liabilities and Net Assets	
Liabilities	$ 1,421,767
Net Assets	52,051,743
Total Liabilities and Net Assets	$ 53,473,510

CONDENSED STATEMENT OF ACTIVITIES
FY Ended June 30, 2015

Income and Other Additions	$ 41,376,361
Expenditures and Other Deductions	(34,572,782)
Total Increase in Net Assets	$ 6,803,579

Note 15: Other Organizations (Continued)

Arkansas Alumni Association, Inc. was incorporated in 1960 for the purpose of providing various services to the members, consisting of graduates, former students and friends, in connection with the promotion and furtherance of the Fayetteville campus. Audited financial statements for the year ended June 30, 2015, are presented below in summary form.

ARKANSAS ALUMNI ASSOCIATION, INC.
CONDENSED STATEMENT OF FINANCIAL POSITION
As of June 30, 2015

Assets		
Cash and investments	$	1,997,650
Other assets		7,826,748
Total Assets	$	9,824,398
Liabilities and Net Assets		
Liabilities	$	1,187,598
Net Assets		8,636,800
Total Liabilities and Net Assets	$	9,824,398

CONDENSED STATEMENT OF ACTIVITIES
FY Ended June 30, 2015

Income and Other Additions	$	4,092,819
Expenditures and Other Deductions		(3,134,429)
Total Increase in Net Assets	$	958,390

Arkansas 4-H Foundation, Inc. was incorporated in 1951. The purposes and objectives of the Foundation are exclusively educational. The Foundation was formed to encourage and support such purposes that will meet the needs and advance the interests of 4-H youth programs throughout the State of Arkansas. Audited financial statements for the year ended June 30, 2015, are presented below in summary form.

ARKANSAS 4-H FOUNDATION, INC.
CONDENSED STATEMENT OF FINANCIAL POSITION
As of June 30, 2015

Assets		
Cash and investments	$	4,751,963
Other assets		5,050,811
Total Assets	$	9,802,774
Liabilities and Net Assets		
Liabilities	$	100,634
Net Assets		9,702,140
Total Liabilities and Net Assets	$	9,802,774

CONDENSED STATEMENT OF ACTIVITIES
FY Ended June 30, 2015

Income and Other Additions	$	1,654,088
Expenditures and Other Deductions		(2,145,036)
Total Decrease in Net Assets	$	(490,948)

Note 15: Other Organizations (Continued)

University of Arkansas Technology Development Foundation was incorporated in May 2003, and is considered a supporting organization of the Fayetteville campus. Its mission is to stimulate a knowledge-based economy in the state of Arkansas through partnerships that lead to new opportunities for learning and discovery, build and retain a knowledge-based workforce, and spawn the development of new technologies that enrich the economic base of Arkansas. Audited financial statements for the year ended June 30, 2015, are presented below in summary form.

UNIVERSITY OF ARKANSAS TECHNOLOGY DEVELOPMENT FOUNDATION
CONDENSED STATEMENT OF FINANCIAL POSITION
As of June 30, 2015

Assets		
Cash	$	1,313,285
Other assets		13,373
Total Assets	$	1,326,658
Liabilities and Net Assets		
Liabilities	$	88,823
Net Assets		1,237,835
Total Liabilities and Net Assets	$	1,326,658

CONDENSED STATEMENT OF ACTIVITIES
FY Ended June 30, 2015

Income and Other Additions	$	1,637,089
Expenditures and Other Deductions		(1,520,611)
Total Increase in Net Assets	$	116,478

University of Arkansas Fort Smith Foundation, Inc. operates as a nonprofit corporation whose primary activity is providing support to the Fort Smith campus. Audited financial statements for the year ended June 30, 2015, are presented below in summary form.

UNIVERSITY OF ARKANSAS FORT SMITH FOUNDATION, INC.
CONDENSED STATEMENT OF FINANCIAL POSITION
As of June 30, 2015

Assets		
Cash and investments	$	82,544,454
Other assets		28,168
Total Assets	$	82,572,622
Liabilities and Net Assets		
Liabilities	$	1,215,858
Net Assets		81,356,764
Total Liabilities and Net Assets	$	82,572,622

CONDENSED STATEMENT OF ACTIVITIES
FY Ended June 30, 2015

Income and Other Additions	$	7,069,615
Expenditures and Other Deductions		(18,621,104)
Total Decrease in Net Assets	$	(11,551,489)

Note 15: Other Organizations (Continued)

University of Arkansas Fort Smith Benefit Plan was established on January 1, 1993, as an employee welfare benefit plan which provides health, dental and vision benefits to eligible employees and eligible dependents of the Fort Smith campus. Audited financial statements for the year ended December 31, 2014, are presented below in summary form.

UNIVERSITY OF ARKANSAS FORT SMITH BENEFIT PLAN
CONDENSED STATEMENT OF FINANCIAL POSITION
As of December 31, 2014

Assets		
Cash and investments	$	73,156
Other Assets		660,463
Total Assets	$	733,619
Liabilities and Net Assets		
Liabilities	$	496,386
Net Assets		237,233
Total Liabilities and Net Assets	$	733,619

CONDENSED STATEMENT OF ACTIVITIES
FY Ended December 31, 2014

Income and Other Additions	$	5,134,378
Expenditures and Other Deductions		(5,220,956)
Total Decrease in Net Assets	$	(86,578)

The Fort Smith campus intends to terminate the Plan effective December 31, 2015. All claims incurred subsequent to December 31, 2014, will be paid by the University of Arkansas System Health Plan. The funds will be disposed in a manner which benefits solely those persons then receiving benefits under the Plan and those employees who are participating in the Plan at the time of termination. Termination of the Plan does not affect in any way the amount or the terms of any benefit payable prior to the date of termination.

The University of Arkansas at Little Rock Alumni Association is utilized to receive and disburse funds obtained from gifts, activity fees, and receipts from special projects. The Association operates as a nonprofit benevolent corporation for charitable educational purposes. The assets of the Association are held by the University of Arkansas Foundation, Inc.

Trojan Athletic Foundation, Inc. is a non-profit entity established to support the athletic department at the Little Rock campus. Audited financial statements for the year ended June 30, 2015, are presented below in summary form.

TROJAN ATHLETIC FOUNDATION, INC.
CONDENSED STATEMENT OF FINANCIAL POSITION
As of June 30, 2015

Assets		
Cash	$	62,713
Other Assets		48,923
Total Assets	$	111,636
Liabilities and Net Assets		
Liabilities	$	5,886
Net Assets		105,750
Total Liabilities and Net Assets	$	111,636

CONDENSED STATEMENT OF ACTIVITIES
FY Ended June 30, 2015

Income and Other Additions	$	307,689
Expenditures and Other Deductions		(360,327)
Total Decrease in Net Assets	$	(52,638)

Note 15: Other Organizations (Continued)

University of Arkansas at Pine Bluff/AM&N Alumni Association, Inc. was organized to foster and promote the general welfare and growth of the University of Arkansas at Pine Bluff. Unaudited financial statements for the year ended December 31, 2013, are presented below in summary form. Net assets at January 1, 2013, were restated, resulting in a decrease of $5,306.

UAPB/AM&N ALUMNI ASSOCIATION, INC.
CONDENSED STATEMENT OF FINANCIAL POSITION
As of December 31, 2013

Assets		
Cash & investments	$	132,572
Other assets		13,100
Total Assets	$	145,672
Liabilities and Net Assets		
Liabilities	$	2,876
Net Assets		142,796
Total Liabilities and Net Assets	$	145,672

CONDENSED STATEMENT OF ACTIVITIES
FY Ended December 31, 2013

Income and Other Additions	$	217,265
Expenditures and Other Deductions		(192,911)
Total Increase in Net Assets	$	24,354

Cossatot Community College of the University of Arkansas Foundation, Inc. assists in developing and increasing the programs and facilities for the Cossatot Community College campus. Audited financial statements for the year ended June 30, 2015, are presented below in summary form.

COSSATOT COMMUNITY COLLEGE OF THE UNIVERSITY OF ARKANSAS FOUNDATION, INC.
CONDENSED STATEMENT OF FINANCIAL POSITION
As of June 30, 2015

Assets		
Cash and investments	$	544,689
Other		
Total Assets	$	544,689
Liabilities and Net Assets		
Liabilities	$	145
Net Assets		544,544
Total Liabilities and Net Assets	$	544,689

CONDENSED STATEMENT OF ACTIVITIES
FY Ended June 30, 2015

Income and Other Additions	$	64,006
Expenditures and Other Deductions		(56,706)
Total Increase in Net Assets	$	7,300

Note 15: Other Organizations (Continued)

Phillips Community College Foundation is dedicated to raising funds to support the Phillips Community College campus and to provide scholarships for its students. Audited financial statements for the year ended December 31, 2014, are presented below in summary form.

PHILLIPS COMMUNITY COLLEGE FOUNDATION
CONDENSED STATEMENT OF FINANCIAL POSITION
As of December 31, 2014

Assets		
Cash and investments	$	3,532,014
Other Assets		108,009
Total Assets	$	3,640,023
Liabilities and Net Assets		
Liabilities	$	305,422
Net Assets		3,334,601
Total Liabilities and Net Assets	$	3,640,023

CONDENSED STATEMENT OF ACTIVITIES
FY Ended December 31, 2014

Income and Other Additions	$	646,405
Expenditures and Other Deductions		(677,191)
Total Decrease in Net Assets	$	(30,786)

University of Arkansas Community College at Hope Foundation, Inc. operates for the sole benefit of the Hope campus. Audited financial statements for the year ended June 30, 2014, are presented below in summary form.

UNIVERSITY OF ARKANSAS COMMUNITY COLLEGE AT HOPE FOUNDATION, INC.
CONDENSED STATEMENT OF FINANCIAL POSITION
As of June 30, 2014

Assets		
Cash and investments	$	2,163,766
Other Assets		3,600
Total Assets	$	2,167,366
Liabilities and Net Assets		
Liabilities	$	89,685
Net Assets		2,077,681
Total Liabilities and Net Assets	$	2,167,366

CONDENSED STATEMENT OF ACTIVITIES
FY Ended June 30, 2014

Income and Other Additions	$	658,433
Expenditures and Other Deductions		(736,111)
Total Decrease in Net Assets	$	(77,678)

Note 15: Other Organizations (Continued)

University of Arkansas Community College at Morrilton Foundation, Inc. was established to assist the students and programs of the Morrilton campus. Audited financial statements for the year ended December 31, 2014, are presented below in summary form.

UNIVERSITY OF ARKANSAS COMMUNITY COLLEGE AT MORRILTON FOUNDATION, INC.
CONDENSED STATEMENT OF FINANCIAL POSITION
As of December 31, 2014

Assets		
Cash and investments	$	280,601
Other Assets		106,020
Total Assets	$	386,621
Liabilities and Net Assets		
Liabilities	$	26,085
Net Assets		360,536
Total Liabilities and Net Assets	$	386,621

CONDENSED STATEMENT OF ACTIVITIES
FY Ended December 31, 2014

Income and Other Additions	$	490,872
Expenditures and Other Deductions		(343,347)
Total Increase in Net Assets	$	147,525

Subsequent to December 31, 2014, the Foundation Board elected to dissolve the Foundation and transfer cash and investments to the University of Arkansas Foundation, Inc. Other assets and obligations will be transferred to the campus which will serve to collect contributions and pay future obligations incurred in fundraising and development campaigns.

University of Arkansas Winthrop Rockefeller Institute (prior to June 11, 2012, known as the University of Arkansas Winthrop Rockefeller Center d/b/a/ Winthrop Rockefeller Institute) is an educational conference center incorporated in January 2005. The Institute's mission is to provide extended learning for youth and adults, internship opportunities for students, professional development for faculty and staff of the University, as well as for the general public, and conferences focused on enriching and informing Arkansas leaders. Audited financial statements for the year ended June 30, 2015, are presented below in summary form.

UNIVERSITY OF ARKANSAS WINTHROP ROCKEFELLER CENTER, INC.
CONDENSED STATEMENT OF FINANCIAL POSITION
As of June 30, 2015

Assets		
Cash & Investments	$	2,229,970
Grant Receivable		5,553,065
Other		309,510
Property and Equipment, Net		15,996,329
Total Assets	$	24,088,874
Liabilities and Net Assets		
Liabilities	$	464,077
Net Assets		23,624,797
Total Liabilities and Net Assets	$	24,088,874

CONDENSED STATEMENT OF ACTIVITIES
FY Ended June 30, 2015

Income and Other Additions	$	1,956,453
Expenditures and Other Deductions		(6,567,736)
Total Decrease in Net Assets	$	(4,611,283)

Note 15: Other Organizations (Continued)

Delta Student Housing, Inc. (Delta) is a nonprofit corporation organized and operated under the Arkansas Nonprofit Corporation Act of 1993. Delta was created for the purpose of facilitating the financing for construction of student housing facilities on the various campuses of the University. In the fiscal year ended June 30, 2010, the School for Mathematics, Sciences and the Arts (ASMSA) received $6,000,000 in American Recovery & Reinvestment Act funds through the State of Arkansas and $1,000,000 from state general improvement funds to be used toward the construction of a new residence/student life facility. In addition, ASMSA had almost $4,000,000 of reserve funds to be used for the project. By leveraging these available funds, a financing structure was developed using federal New Market Tax Credits (NMTC) which made available almost $15,000,000 to construct the facility. Construction of the facility was completed in the summer of 2012. The facility will be owned and managed by Delta until the completion of the NMTC compliance period of seven years, at which time the facility will be donated to ASMSA. A complete transcript of the NMTC transaction can be obtained in the office of the University's Vice President of Finance. Audited financial statements for the year ended June 30, 2015, are presented below in summary form.

DELTA STUDENT HOUSING, INC.
CONDENSED STATEMENT OF FINANCIAL POSITION
As of June 30, 2015

Assets		
Cash	$	153,606
Other		127,612
Property and equipment		12,989,589
Total Assets	$	13,270,807
Liabilities and Net Assets		
Liabilities	$	14,799,406
Net Assets		(1,528,599)
Total Liabilities and Net Assets	$	13,270,807

CONDENSED STATEMENT OF ACTIVITIES
FY Ended June 30, 2015

Income and Other Additions	$	251,956
Expenditures and Other Deductions		(786,012)
Total Decrease in Net Assets	$	(534,056)

Note 16: Natural & Functional Classifications of Operating Expenses

Following is a reconciliation of the natural classifications as presented in the statement of revenues, expenses, and changes in net position to the functional classifications:

Functional Classifications	Natural Classifications Compensation & Benefits	Supplies & Services	Scholarships & Fellowships	Insurance	Depreciation	TOTAL
Instruction	$ 381,337,675	$ 53,835,862				$ 435,173,537
Research	159,773,865	69,744,059				229,517,924
Public Service	85,055,340	41,515,804				126,571,144
Academic Support	74,184,873	34,203,317				108,388,190
Student Services	40,476,727	18,684,027				59,160,754
Institutional Support	176,418,210	43,753,345				220,171,555
Scholarships/Fellowships	91,252	186,467	$ 63,632,625			63,910,344
Plant Operations	61,060,714	63,227,108				124,287,822
Auxiliary Enterprises	64,920,783	84,407,637	2,053,474			151,381,894
Depreciation					$ 172,776,805	172,776,805
Patient Care	454,763,832	280,069,000				734,832,832
Other	1,757,000	12,581,000				14,338,000
Insurance expenses				$ 175,921,378		175,921,378
TOTAL	$ 1,499,840,271	$ 702,207,626	$ 65,686,099	$ 175,921,378	$ 172,776,805	$ 2,616,432,179

Note 17: Contingencies

The University has been named as defendant in several lawsuits. It is the opinion of management and its legal counsel that these matters will be resolved without material adverse effect on the future operations or financial position of the University.

In the fiscal year ended June 30, 2006, the Arkansas Development Finance Authority (the Authority) issued $36,775,000 in Tobacco Settlement Revenue Bonds. The Authority made the proceeds of the bonds available to the University of Arkansas Board of Trustees (UA Board) to fund an expansion to the Arkansas Cancer Research Center (ACRC) on the campus of the University of Arkansas for Medical Sciences (UAMS). The bonds have an approximate yield to maturity of 4.77% to 5.10% and principal and accumulated interest are payable beginning in 2021 through 2031 for $22,158,000 of serial bonds and beginning in 2036 through 2046 for $14,617,000 of term bonds. Funds received from the Arkansas Tobacco Settlement Funds Act of 2000 are pledged for debt service and are the primary source of payment for the bonds. In accordance with a Loan Agreement dated June 1, 2006, between the UA Board and the Authority, the UA Board will be required to make debt service payments on the Series 2006 bond issue in the event of a shortfall in tobacco settlement revenues. However, no such payments will be made unless the debt service revenues are insufficient to make such payments. Management believes the debt service revenues will be sufficient to service the entire principal and interest due. The *Global Insights USA, Inc.* report, prepared in August 2006, on the *Forecast of U.S. Cigarette Consumption (2004-2046)* indicates that tobacco consumption in 2046 is expected to decline by 54% from the 2003 level. For fiscal year 2003, Arkansas received $60,067,457 from the Tobacco Settlement Fund. Using the 54% decline from above, Arkansas should receive approximately $27.6 million in 2046 with the first $5 million dedicated to pay the debt service on this bond issue. If debt service revenues had been considered insufficient at June 30, 2015, the University would have incurred a liability of $57,292,000 related to issue. This amount includes draw down of funds related to the project, issuance costs, discounts, accreted interest, and other expenses related to the issue. The revenues pledged by UAMS to secure the Loan Agreement consist of inpatient service fees and fees collected from other ancillary, therapeutic, and diagnostic services provided within the walls of the hospital but exclude physician-generated revenues, state appropriations, and revenues restricted for other purposes.

Note 18: Elimination of Inter-Company Transactions

The consolidated financial statements were prepared from financial statements submitted by each campus and the System Administration of the University. The inclusion of inter-company transactions in the consolidated financial statements is not considered materially significant to distort the amounts presented in the consolidated financial statements with the following exceptions, which were eliminated.

Statement of Net Position
An elimination entry was made to reduce accounts receivable by $15,078,288, which represent amounts owed by the campuses to the System Administration for insurance premiums and campus billings for services rendered, as well as amounts owed between campuses. Accounts payable was reduced by $14,264,478, representing these billed amounts adjusted by cash in-transit within the system. Cash was increased by $813,810 to account for payments in-transit within the system.

Two loans between University entities were eliminated to reduce assets and liabilities: (1) $900,000 (current portion $150,000) to reflect a loan to ASMSA by the System Administration; and (2) $737,585 (current portion $20,026) to reflect a loan from UAMS to UAF.

Statement of Revenues, Expenses, and Changes in Net Position
As explained in Note 12, the System Administration administers the self-funded insurance programs for the University. Insurance premiums remitted to the System Administration by the campuses are shown as insurance revenues, and insurance claims paid are shown as insurance expenditures on the System Administration's financial statements. The premiums expensed by the campuses are recorded as part of compensation benefits. An elimination entry was made to reduce insurance revenue and compensation/benefits expenditures in the amount of $114,039,026.

Note 18: Elimination of Inter-Company Transactions (Continued)

Statement of Revenues, Expenses, and Changes in Net Position (Continued)
An elimination entry was made for billings by System Administration to the campuses for services rendered to reduce sales and services revenue and supplies/services expense in the amount of $3,081,164.

An elimination entry for services provided among campuses in the amount of $841,829. These amounts decreased both other operating revenues and operating supplies/services.

An elimination of $493,171 was made to other changes in net position to account for funds transferred to the Fayetteville campus from System Administration for use by the Criminal Justice Institute.

Statement of Cash Flows
The effects of the elimination entries described above to the statement of net position and the statement of revenues, expenses and changes in net position are also reflected in the statement of cash flows.

Note 19: Disaggregation of Accounts Receivable and Accounts Payable

Current accounts receivable balances, net of allowances, at June 30, 2015, as shown on the statement of net position, consist of the following:

ACCOUNTS RECEIVABLE	June 30, 2015
Student accounts	$20,531,405
Non-student accounts	17,529,754
Health care related services	20,443,000
Grants and contracts	31,222,513
Property and sales taxes	2,293,546
Other	419,584
Total	$92,439,802

Current accounts payable balances at June 30, 2015, as shown on the statement of net position, consist of the following:

ACCOUNTS PAYABLE	June 30, 2015
Trade related	$36,660,269
Payroll related	71,324,316
Interest	7,041,665
Other	24,014,353
Total	$139,040,603

Note 20: Joint Endeavor

The University of Arkansas and the City of Fayetteville engaged in a joint endeavor to operate the Walton Arts Center. Funds were pooled from each entity to provide for the construction and operation of the center. To administer this project and its funds, the University and the City of Fayetteville established a nonprofit organization called the University of Arkansas/City of Fayetteville Arts Foundation, Inc., now called the Walton Arts Center Foundation, Inc., which was incorporated on January 19, 1987. There are nine directors, of whom three are appointed by the University, three by the City of Fayetteville, and three are recommended by the Foundation who must be approved by the mayor and chancellor.

The Walton Arts Center Council, Inc. was formed to construct, operate, manage, and maintain the Arts Center in Fayetteville, Arkansas, in accordance with the Interlocal Cooperation Agreement between the City of Fayetteville and the University of Arkansas. The ownership of the Arts Center facilities, including land, is held equally by the City and the University. The Arts Center Council must submit an annual budget to both the City and the University for approval. The Board of Trustees of The Arts Center Council is comprised of five members appointed by the University, five members appointed by the City, and ten members appointed at large, all of whom serve as volunteers.

Note 20: Joint Endeavor (Continued)

On August 14, 2014, the governing documents establishing and defining the joint endeavor between the City of Fayetteville and the Fayetteville campus to operate the Walton Arts Center were revised to ensure clarity and flexibility to allow the Walton Arts Center to meet the arts and entertainment needs of all residents of Northwest Arkansas with a multi-venue system, while at the same time confirming support of the original partnership. Revisions were made to the respective Articles of Incorporation of the Walton Arts Center Foundation, Inc., and the Walton Arts Center Council, Inc., to clarify the purpose of each entity to encompass multiple venues in the Northwest Arkansas region; to allow the Walton Family Foundation to appoint nine additional directors to the Board of Directors of the Arts Center Council while ensuring that the City and University maintain their proportionate number of Directors on the Board; to return the City of Fayetteville's initial payment of $1.5 million dollars to the Foundation back to the City for the City's use in the construction of a parking facility adjacent to the Walton Arts Center or as otherwise determined by the Fayetteville City Council; and with consent by the University to expend the Institution's initial payment of $1.5 million dollars to the Foundation to help defray the construction costs of the proposed enlargement and enhancement of the Walton Arts Center located in Fayetteville, Arkansas. Upon return of the funds to the City and the use of University provided funds for construction, the Walton Arts Center Foundation, Inc., will no longer be an agent for the City of Fayetteville or the University of Arkansas. The City and the University will no longer have the right of appointment of Walton Arts Center Foundation, Inc., directors.

An Amended and Restated Interlocal Cooperation Agreement was also executed that permits the Walton Arts Center to conduct business as a separate, free-standing non-profit corporation; that budget and operational oversight rests exclusively with the Walton Arts Center Council and confirms the Walton Arts Center is no longer an agent of the University or the City, nor restricted to the terms of the original agreement; and affirms the Walton Arts Center must comply with the terms of a new lease agreement executed by the University, City of Fayetteville and the Walton Arts Center Council. The lease agreement extends the term to twenty-five years and recognizes the changed scope of the Walton Arts Center. The lease also provides assurances regarding the on-going quality and type of performances at the Walton Arts Center in Fayetteville.

Note 21: Related Parties

The following are significant related party transactions other than those with component units discussed in Note 1.

The spouse of a member of the Board of Trustees owns a sports apparel store in Little Rock, Arkansas that has been used for several years by various campuses. In FY15, two campuses bought merchandise from the store with a cost of $73,583. Purchases of these types are not reviewed and approved by the Board.

Another member of the Board of Trustees is the Bank Chairman of the privately-held First Security Bancorp based in Searcy, Arkansas. At June 30, 2015, bank balances held at First Security Bank for UAF and UAMS total $71,771,210 (book balances shown on the Statement of Net Position total $65,084,789). The University has conducted business with the bank for several years. In addition, Crews and Associates, Inc. (Crews) is a wholly owned, non-bank affiliate of First Security Bancorp and has served as one of the University's bond underwriters for several years. In FY15, the Board of Trustees, with this member abstaining from the vote, approved the selection of Crews as co-underwriter for two bond issues for the Fayetteville campus in the amount of $84,540,000.

The former Provost and Vice Chancellor for Academic Affairs, who served on the Fayetteville campus during the fiscal year, was a member of the Board of Directors of Simmons First National Corporation based in Pine Bluff, Arkansas. At June 30, 2015, bank balances held at Simmons First National Bank for the Fayetteville campus total $13,361,065 (book balances shown on the statement of net position for the campus total $13,361,065). Simmons First National Bank has served as trustee for bond proceeds for several years, and amounts on deposit represent funds held in that capacity, primarily for two bond issues.

Note 21: Related Parties (Continued)

The Vice Chancellor and Director of Athletics on the Fayetteville campus is a member of the Board of Directors of Arvest Bank Fayetteville, one of sixteen autonomous community-oriented banks which comprise Arvest Bank Group, Inc., based in Bentonville, Arkansas. At June 30, 2015, bank balances held for the Fayetteville campus at Arvest Bank Group, Inc. banks total $10,834,967 (book balances shown on the statement of net position for the campus total $10,380,045).

Note 22: Prior Year Restatement

Statement of Revenues, Expenses, and Changes in Net Position

Beginning net position, as reported on the Statement of Revenues, Expenses, and Changes in Net Position, was restated due to the implementation of GASB Statements 68, as amended. As a result, Net Position – beginning of the year was reduced by $40,275,748 to reflect the net effect of recognizing the University's proportionate share of the net pension liability and deferred outflows of resources attributable to the year ended June 30, 2014.

Note 23: Subsequent Events

Fayetteville Campus

On July 31, 2015, the University refinanced three existing installment contract agreements. All three financing arrangements facilitated the University's energy savings projects. The first agreement dated October 15, 2008, with an interest rate of 4.69%, had an outstanding balance of $4,815,908 on July 31, 2015. Agreement number two dated December 19, 2008 with an interest rate of 4.581%, and the third agreement dated April 8, 2010 with an interest rate of 4.80% had outstanding balances of $16,647,887 and $6,689,614 respectively on July 31, 2015. The three new agreements in the amounts of $4,935,766, $16,969,012 and $6,844,590 carry interest rates of 1.97%, 1.99% and 1.95% respectively. The refinancing of these three agreements will result in total overall savings to the University of $3,003,289 over the next nine years.

On August 27, 2015, the University issued Board of Trustees of the University of Arkansas Various Facility Revenue Bonds (Fayetteville Campus), Series 2015B in the amount of $7,510,000 and Board of Trustees of the University of Arkansas Various Facility Revenue Bonds (Fayetteville Campus), Refunding Series 2015C in the amount of $36,675,000.

The Series 2015B bonds provide resources for three separate construction and renovation projects on the University campus. These projects include two residence facilities occupied by campus Greek organizations and construction of a high pressure pipeline to supply natural gas to the campus. This issue is taxable.

The proceeds from Series 2015C bonds were used along with a cash contribution from the University of $7,022,265 to fund an escrow account set up to pay the principal due November 1, 2015, of the Various Facility Revenue Bonds (Fayetteville Campus), Refunding Series 2005B, and to redeem the Series 2005B bonds maturing thereafter in whole on November 1, 2015. The refinancing of these bonds will result in total savings of $10,474,138 to the University.

Chancellor Changes

The chancellor at the Phillips County campus retired on June 30, 2015, and was replaced by Dr. G. Keith Pinchback on July 1, 2015. The chancellor at the Fayetteville campus resigned effective July 31, 2015, and will join the faculty on that campus. Dr. Daniel Ferritor is currently serving as Interim Chancellor for the Fayetteville campus, and, on October 23, 2015, the Board approved the selection of Dr. Joseph E. Steinmetz as Chancellor beginning January 1, 2016.

Employee Benefits

Schedule of University's Proportionate Share of the Net Pension Liability
Arkansas Public Employees Retirement System

	2015*
University's proportion of net pension liability	1.462%
University's proportionate share of net pension liability	$ 20,737,110
University's covered payroll	$ 24,610,760
University's proportionate share of the net pension liability as a percentage of its covered-employee payroll	84.26%
Plan fiduciary net position as a percentage of the total pension liability	84.15%

*The amounts presented were determined as of 6/30/14

Schedule of University Contributions
Arkansas Public Employees Retirement System

	2015
Contractually required contribution	$ 4,316,084
Contributions in relation to the contractually required contribution	(4,316,084)
Contribution deficiency (excess)	$
University's covered-employee payroll	$ 29,241,762
Contributions as a percentage of covered-employee payroll	14.76%

Changes in Assumptions
Amounts reflect a change in economic assumptions used in the June 30, 2014, valuation. The investment return assumption used was 7.75% and the wage inflation assumption used was 3.75%.

Changes in Assumptions (Continued)

Schedule of University's Proportionate Share of the Net Pension Liability
Arkansas Teacher Retirement System

	2015*
University's proportion of net pension liability	.437%
University's proportionate share of net pension liability	$ 11,467,444
University's covered payroll	$ 11,527,065
University's proportionate share of the net pension liability as a percentage of its covered-employee payroll	99.48%
Plan fiduciary net position as a percentage of the total pension liability	84.98%

*The amounts presented were determined as of 6/30/14

Schedule of University Contributions
Arkansas Teacher Retirement System

	2015
Contractually required contribution	$ 1,612,297
Contributions in relation to the contractually required contribution	(1,612,297)
Contribution deficiency (excess)	$
University's covered-employee payroll	$ 11,516,407
Contributions as a percentage of covered-employee payroll	14.00%

Note: Schedules are intended to show information for 10 years. Additional years will be displayed as they become available.

Other Postemployment Benefits

General Overview of the Valuation Methodology

The process of determining the liability for retiree medical benefits is based on many assumptions about future events. Future increases in health care costs are affected by many factors, including: medical inflation; change in utilization patterns; technological advances; cost shifting; cost leveraging; and changes to government medical programs, such as Medicare.

Other Postemployment Benefits (Continued)

General Overview of the Valuation Methodology (Continued)

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Calculations are based on the types of benefits provided under the terms of each plan at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point.

***Changes in Actuarial Assumptions and Methods since the Prior Valuation*:**
The mortality table assumption changed from the RP-2000 Fully Generational Combined Healthy Mortality Table projected using scale AA for healthy and disabled lives to the RP-2014 Fully Generational Mortality Table for employees and healthy annuitants using the projection scale MP-2014 for healthy lives and the RP-2014 Fully Generational Mortality Table for disabled retirees using the projection scale MP-2014 for disabled lives. This change decreased the Actuarial Accrued Liability by $2,422,013 as of July 1, 2014.

The health care trend rates were updated to reflect future expectations. Also, the medical and pharmacy administrative expense was previously included in the claims cost. This assumption was separated from claims cost in order to better reflect expectations of future costs. These changes increased the Actuarial Accrued Liability by $7,872,199 as of July 1, 2014.

The life insurance administrative expenses were lowered from 19.6% to 15.0%. This change decreased the Actuarial Accrued Liability by $858,088 as of July 1, 2014.

***Medical Coverage – Retirees not Eligible for Medicare*:**
Claim experience for the period January 1, 2013, through February 28, 2015, was used to develop the claims cost for non-Medicare-eligible retirees. The paid claims data was converted to an incurred basis using a completion factor approach. This experience includes 1,037 life years of exposure and was deemed to be 61% credible for medical claims and 86% credible for prescription drug claims. The experience was combined with the active claims experience adjusted for demographic differences to produce the per capita claims costs used in the valuation. Adjustment factors were then applied to develop expected claims by age to be used in the valuation.

***Dental Coverage*:**
The dental rates are set to match projected costs. Based on a comparison of the recent dental claims plus fees, the dental rates are set at a level sufficient to cover projected costs. Retirees pay 100% of the budget rate for coverage. Therefore the cost for dental coverage was excluded from this valuation.

Other Postemployment Benefits (Continued)

Determination of FY15 Accrual

Unfunded acturial accrued liability at 7-1-14	**$**	**73,704,015**
Annual Required Contribution (ARC)		
Normal cost	$	4,846,613
Amortization of the unfunded actuarial accrued liability over 30 years		2,650,031
Interest		337,716
Annual Required Contribution for FY15		7,834,360
Interest on Net OPEB Obligation		2,252,025
ARC Amortization Adjustment		(1,889,307)
Annual OPEB Cost for FY15	**$**	**8,197,078**
Net OPEB Obligation, 7-1-14	$	49,993,475
Annual OPEB Cost for FY15		8,197,078
Less: Expected Employer Contributions		(2,166,208)
Net OPEB Obligation, 6-30-15	**$**	**56,024,345**

Schedule of Employer Contributions

Fiscal Year Ending	Annual OPEB Cost	Expected Contribution	Percentage Contributed	Net Obligation at Year-End
6-30-09	$ 9,440,819	$ 2,075,012	21.98%	$ 25,984,585
6-30-10	7,273,621	2,000,674	27.51%	31,257,532
6-30-11	6,407,408	1,715,955	26.78%	35,948,985
6-30-12	6,959,921	1,666,639	23.95%	41,242,267
6-30-13	6,604,080	2,038,220	30.86%	45,808,127
6-30-14	5,693,607	1,508,259	26.49%	49,993,475
6-30-15	8,197,078	2,166,208	26.43%	56,024,345

Since there is no funding, the expected contributions are any retiree premiums actually paid by the University plus expected implicit subsidy payments. The implicit rate subsidy is the difference between the true cost of medical benefits and the cost sharing premiums paid by the retiree.

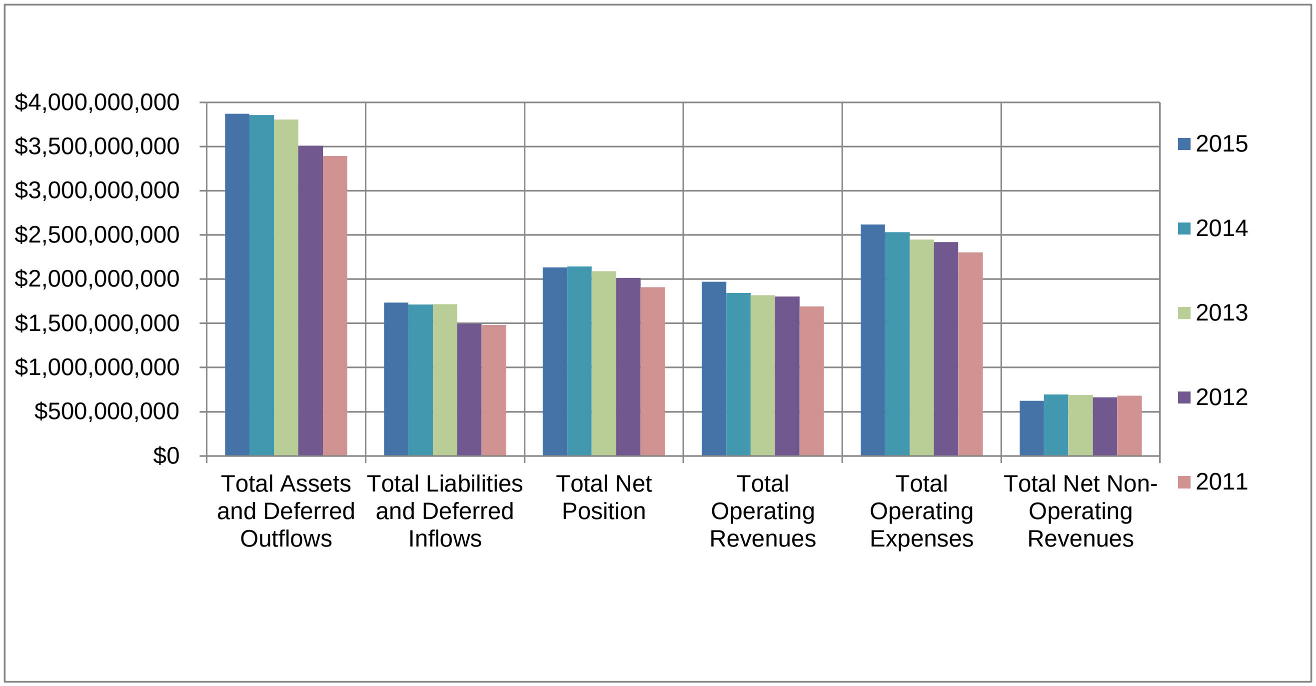
Schedule of Funding Progress

Fiscal Year Ending	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as Percentage of Covered Payroll
6-30-09	$ 0	$ 82,955,662	$ 82,955,662	0%	$ 982,002,008	8.45%
6-30-10	0	67,830,737	67,830,737	0%	952,169,503	7.12%
6-30-11	0	59,649,743	59,649,743	0%	977,592,138	6.10%
6-30-12	0	64,638,969	64,638,969	0%	1,042,067,018	6.20%
6-30-13	0	60,220,957	60,220,957	0%	1,072,221,612	5.62%
6-30-14	0	53,499,094	53,499,094	0%	1,103,763,909	4.85%
6-30-15	0	73,704,015	73,704,015	0%	1,127,553,054	6.54%

UNIVERSITY OF ARKANSAS SYSTEM
SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS
FOR THE YEAR ENDED JUNE 30, 2015
(Unaudited)

Schedule 1

	Year Ended June 30,				
	2015	2014	2013	2012	2011
Total Assets and Deferred Outflows	$ 3,869,807,272	$ 3,856,353,806	$ 3,807,221,770	$ 3,510,067,440	$ 3,392,588,381
Total Liabilities and Deferred Inflows	1,735,455,100	1,712,381,320	1,717,987,680	1,495,265,855	1,483,096,330
Total Net Position	2,134,352,172	2,143,972,486	2,089,234,090	2,014,801,585	1,909,492,051
Total Operating Revenues	1,970,520,771	1,841,967,925	1,818,872,452	1,802,289,247	1,689,690,693
Total Operating Expenses	2,616,432,179	2,531,083,604	2,448,232,959	2,419,890,106	2,302,870,669
Total Net Non-Operating Revenues	622,205,701	694,316,513	687,194,519	662,988,511	682,313,743
Total Other Revenues, Expenses, Gains or Losses	54,361,141	49,537,562	24,048,887	59,921,682	37,618,369



UNIVERSITY OF ARKANSAS
Statement of Net Position by Campus
At June 30, 2015

	UAF	UAFS	UALR	UAMS	UAM	UAPB	SYSTEM	CCCUA	PCCUA	UACCB	UACCH	UACCM	ASMSA	Elimination (See Note 18)	TOTAL
ASSETS															
Current															
Cash and cash equivalents	$ 273,555,167	$ 11,687,067	$ 30,686,817	$ 40,880,000	$ 6,206,703	$ 27,307,989	$ 17,798,310	$ 1,663,917	$ 9,953,726	$ 2,699,655	$ 2,258,278	$ 1,327,664	$ 4,132,772	$ 813,810	$ 430,971,875
Investments	77,156,987	1,500,000	17,577,857	46,899,000			8	767,271	438,052		1,110,995	3,466,930			148,917,100
Accounts receivable	34,580,747	2,883,286	9,519,309	33,864,000	3,013,389	4,429,230	14,699,927	853,904	1,238,482	796,774	579,983	1,013,144	45,915	(15,078,288)	92,439,802
Patient accounts receivable				111,368,000											111,368,000
Inventories	5,505,385	23,787	213,054	21,260,000	442,453	23,593		89,834	65,340	349,486	151,236	234,180			28,358,348
Deposits and funds held in trust by others	2,201,430		2,650,021		1				5,144	1,587					4,858,183
Notes receivable	3,399,741			2,262,000	38,110									(20,026)	5,679,825
Other assets	8,647,245	385,660	268,237	6,411,000	297,135	5,003	217,298	102,061	4,519	43,989	3,852	10,903	68,620	(150,000)	16,315,522
Total current assets	405,046,702	16,479,800	60,915,295	262,944,000	9,997,791	31,765,815	32,715,543	3,476,987	11,705,263	3,891,491	4,104,344	6,052,821	4,247,307	(14,434,504)	838,908,655
Non-Current															
Cash and cash equivalents	2,887,232	5,379,012	70,188		1,004,487	18,606,923		622,441			1,004,596	66,744			29,641,623
Investments	74,945,869	9,309,350	11,081,863	160,525,000	4,888,069	2,431,571		75,000		1,000,000					264,256,722
Notes receivable	11,830,152			13,432,000	473,005								10,972,265	(717,559)	35,989,863
Deposits and funds held in trust by others	11,744,948	12,207,933	5,520,548	5,016,000						147,936	144,976	313,723			35,096,064
Other non-current assets	535,151			3,000			750,000							(750,000)	538,151
Capital assets	1,186,589,373	146,743,496	249,351,152	828,033,000	47,004,111	90,090,761	3,559,834	15,439,326	18,777,885	14,156,432	18,060,408	13,192,525	4,670,579		2,635,668,882
Total non-current assets	1,288,532,725	173,639,791	266,023,751	1,007,009,000	53,369,672	111,129,255	4,309,834	16,136,767	18,777,885	15,304,368	19,209,980	13,572,992	15,642,844	(1,467,559)	3,001,191,305
TOTAL ASSETS	1,693,579,427	190,119,591	326,939,046	1,269,953,000	63,367,463	142,895,070	37,025,377	19,613,754	30,483,148	19,195,859	23,314,324	19,625,813	19,890,151	(15,902,063)	3,840,099,960
DEFERRED OUTFLOWS OF RESOURCES															
Debt refunding	9,980,532	1,917,072	1,438,624	5,726,000	619,017	284,212		100,955	1,015,762	2,584	214,604	31,611			21,330,973
Pensions	1,850,485	537,866	1,392,517	2,055,000	445,023	120,756	37,681	381,833	229,294	358,734	396,333	455,923	114,894		8,376,339
TOTAL DEFERRED OUTFLOWS OF RESOURCES	11,831,017	2,454,938	2,831,141	7,781,000	1,064,040	404,968	37,681	482,788	1,245,056	361,318	610,937	487,534	114,894		29,707,312
LIABILITIES															
Current															
Accounts payable and other accrued liabilities	50,783,421	4,005,344	6,697,305	85,193,000	1,657,995	787,746	1,059,864	209,025	1,067,471	203,911	535,606	880,401	373,992	(14,414,478)	139,040,603
Unearned revenue	29,608,169	713,009	110,622	8,475,000	274,280	63,643	4,946	171,625	125,235	33,945		49,352	51,480		39,681,306
Funds held in trust for others	1,251,413	210,884	1,984,263		495,387	1,749,280		35,904	17,005	29,429	53,070	32,021	52,919		5,911,575
Liability for future insurance claims							20,800,000								20,800,000
Estimated third party payor settlements				1,071,000											1,071,000
Compensated absences payable - current portion	1,408,052	298,571	477,838	3,127,000	84,743	200,697	7,867	17,605	26,380	17,584	22,641	9,058	15,433		5,713,469
Bonds, notes, capital leases, installment contracts payable	30,349,823	5,464,266	7,186,554	26,124,000	1,013,120	1,329,801	49,507	270,481	375,377	430,942	665,546	424,995		(20,026)	73,664,386
Total current liabilities	113,400,878	10,692,074	16,456,582	123,990,000	3,525,525	4,131,167	21,922,184	704,640	1,611,468	715,811	1,276,863	1,395,827	493,824	(14,434,504)	285,882,339
Non-Current															
Unearned revenues, deposits and other	28,229		203,916	822,000		133,605			185,787				750,000	(750,000)	1,373,537
Refundable federal advance - Perkins loans	14,185,613	1,498		1,911,000	464,353										16,562,464
Compensated absences payable	18,597,878	1,352,979	4,098,973	47,657,000	1,120,714	2,032,742	576,820	334,485	417,421	506,312	314,081	346,202	99,341		77,454,948
Liability for other post employment benefits	13,803,981	952,868	5,000,498	30,414,000	1,302,329	2,209,639	212,346	115,460	873,212	420,747	104,410	282,545	332,310		56,024,345
Liability for pensions	6,450,702	2,177,128	4,313,030	6,780,000	2,212,862	539,744	69,046	1,867,330	966,479	1,680,353	1,908,417	2,247,840	991,623		32,204,554
Bonds, notes, capital leases, installment contracts payable	657,262,436	80,225,037	123,907,070	332,187,000	17,229,113	17,593,492	450,493	4,632,696	11,298,221	1,236,554	5,079,333	1,848,761		(717,559)	1,252,232,647
Total non-current liabilities	710,328,839	84,709,510	137,523,487	419,771,000	22,329,371	22,509,222	1,308,705	6,949,971	13,741,120	3,843,966	7,406,241	4,725,348	2,173,274	(1,467,559)	1,435,852,495
TOTAL LIABILITIES	823,729,717	95,401,584	153,980,069	543,761,000	25,854,896	26,640,389	23,230,889	7,654,611	15,352,588	4,559,777	8,683,104	6,121,175	2,667,098	(15,902,063)	1,721,734,834
DEFERRED INFLOWS OF RESOURCES															
Pensions	2,709,951	935,649	1,773,329	2,767,000	974,463	230,969	28,032	828,100	424,890	751,028	831,469	1,006,993	458,393		13,720,266
NET POSITION															
Net Investment in Capital Assets	517,259,642	73,993,800	124,288,357	474,003,000	29,380,895	71,448,929	3,559,834	10,637,104	8,120,049	12,636,872	12,453,454	11,515,341	14,742,845		1,364,040,122
Restricted															
Non-Expendable															
Scholarships and fellowships	8,365,759	270,134	3,101,673	394,000	56,017			78,317							12,265,900
Research	5,739,659		137,744		321,559										6,198,962
Other	10,228,833	7,000	5,208,078	31,043,000	52,456	3,423,412									49,962,779
Expendable															
Scholarships and fellowships	13,201,055	128,019	724,324	2,083,000	249,397	956,133			248,661			545,879			18,136,468
Research	27,033,953		2,423,235	29,000,000	1,465,269	450,192									60,372,649
Public service	7,467,633	95,044	5,487,906			446,706									13,497,289
Capital projects	24,666,137	2,718,324	36,118	98,971,000	1,072,616	30,554		613,792	442,430		1,004,596				129,555,567
Other	22,833,007	4,460,217	3,841,958	3,106,000	788,917	2,063,474		125,649		3,311			86,185		37,308,718
Unrestricted	242,175,098	14,564,758	28,767,396	92,606,000	4,215,018	37,609,280	10,244,303	158,969	7,139,586	1,606,189	952,638	923,959	2,050,524		443,013,718
TOTAL NET POSITION	$ 878,970,776	$ 96,237,296	$ 174,016,789	$ 731,206,000	$ 37,602,144	$ 116,428,680	$ 13,804,137	$ 11,613,831	$ 15,950,726	$ 14,246,372	$ 14,410,688	$ 12,985,179	$ 16,879,554	$ 0	$ 2,134,352,172

UNIVERSITY OF ARKANSAS
Statement of Revenues, Expenses, and Changes in Net Position by Campus
For the Year Ended June 30, 2015

	UAF	UAFS	UALR	UAMS	UAM	UAPB	SYSTEM	CCCUA	PCCUA	UACCB	UACCH	UACCM	ASMSA	Elimination (Note 18)	TOTAL
Operating Revenues															
Student tuition & fees, net of scholarship allowances	$ 189,315,846	$ 13,845,767	$ 48,439,546	$ 37,499,000	$ 9,543,042	$ 3,907,903		$ 1,408,777	$ 654,208	$ 1,164,331	$ 1,089,440	$ 2,990,446			$ 309,858,306
Net patient services				1,021,183,000											1,021,183,000
Federal and county appropriations	15,171,093														15,171,093
Federal grants and contracts	31,709,977	1,511,390	9,342,542	68,251,000	1,697,853	14,022,051		899,124	3,260,985	1,327,844	1,136,036	627,171			133,785,973
State and local grants and contracts	23,668,832	2,371,452	12,245,746	16,613,000	1,546,795	2,487,104		521,551	1,376,187	210,997	685,615	1,001,489	$ 501,950		63,230,718
Non-governmental grants and contracts	32,831,792	2,458,626	2,512,125	70,299,000	761,538	204,539	$ 15,000	54,701	762,301			143,047	60,214		110,102,883
Sales and services of educational departments	22,070,764	253,173	2,102,131	29,694,000	497,283	168,881	4,119,814	60,714	19,325	11,649	183,176	117,178	15,144	$ (3,081,164)	56,232,068
Insurance plan							155,945,137							(114,039,026)	41,906,111
Auxiliary enterprises															
Athletics	86,417,607	162,383	4,165,031		463,254	1,170,930		23,979							92,403,184
Housing and food service	32,673,491	3,103,763	5,884,371	9,163,000	2,251,719	7,914,809		65,694				180,588			61,237,435
Bookstore	13,516,538	455,856	281,751	541,000	506,153	151,680			73,750	221,023	46,490	537,531			16,331,772
Other auxiliary enterprises	11,366,201	147,761	1,579,127	2,943,000	466,691	253,910			88,929	98,670		31,230			16,975,519
Other operating revenues	9,134,758	359,285	1,832,889	18,150,000	611,680	2,146,496		94,015	268,165	62,967	48,408	132,104	103,771	(841,829)	32,102,709
Total operating revenues	467,876,899	24,669,456	88,385,259	1,274,336,000	18,346,008	32,428,303	160,079,951	3,128,555	6,503,850	3,097,481	3,189,165	5,760,784	681,079	(117,962,019)	1,970,520,771
Operating Expenses															
Compensation and benefits	449,757,461	43,882,917	117,318,939	878,619,000	26,064,706	40,389,697	6,964,800	7,330,340	13,602,197	7,549,034	7,684,684	10,182,603	4,532,919	(114,039,026)	1,499,840,271
Supplies and services	202,439,536	16,695,443	39,355,097	392,010,000	10,956,661	21,765,910	2,354,064	2,925,056	4,621,537	3,024,534	2,432,869	3,807,389	3,742,523	(3,922,993)	702,207,626
Scholarships and fellowships	21,247,744	5,468,092	15,095,930	1,169,000	7,520,540	5,265,639		1,454,482	1,787,717	1,495,763	2,830,902	2,350,290			65,686,099
Insurance plan							175,921,378								175,921,378
Depreciation	68,688,526	6,941,239	16,076,804	65,266,000	3,776,427	6,279,599	227,801	867,926	1,403,356	930,331	1,010,195	877,917	430,684		172,776,805
Total operating expenses	742,133,267	72,987,691	187,846,770	1,337,064,000	48,318,334	73,700,845	185,468,043	12,577,804	21,414,807	12,999,662	13,958,650	17,218,199	8,706,126	(117,962,019)	2,616,432,179
Operating gain (loss)	(274,256,368)	(48,318,235)	(99,461,511)	(62,728,000)	(29,972,326)	(41,272,542)	(25,388,092)	(9,449,249)	(14,910,957)	(9,902,181)	(10,769,485)	(11,457,415)	(8,025,047)		(645,911,408)
Non-Operating Revenues (Expenses)															
State appropriations	205,745,146	23,869,198	68,415,587	21,527,000	18,534,689	27,309,289	4,806,747	4,735,594	10,336,093	4,989,281	6,431,644	6,300,620	8,401,343		411,402,231
Property and sales tax		5,839,679						1,158,417	2,134,666	1,278,331	1,388,892	731,238			12,531,223
Federal grants	23,140,414	15,059,461	17,183,915		8,550,830	8,717,387		2,726,461	2,846,399	3,305,146	3,232,966	4,577,053			89,340,032
State and local grants	28,644,847	7,291,287	7,576,471		2,583,973	1,358,895		430,491		459,770					48,345,734
Non-governmental grants			1,033,714							1,000					1,034,714
Gifts	66,653,990		5,990,887	16,815,000	896,018	700,828		97,106				8,834	45,129		91,207,792
Investment income, net	4,338,885	74,422	685,699	7,706,000	127,815	48,849	18,986	13,186	20,549	27,008	5,221	46,997	48,499		13,162,116
Interest and fees on capital asset-related debt	(24,003,224)	(2,835,739)	(3,870,383)	(13,294,000)	(577,358)	(661,034)		(188,016)	(298,979)	(43,401)	(164,434)	(80,700)			(46,017,268)
Gain (Loss) on disposal of assets	(1,047,765)	(809,791)	(276,266)	(76,000)	(1,497)	(59,785)		(6,768)	(20)	(1,636)		11,504			(2,268,024)
Other	2,355,135	1,006,980			(43,404)	(23)	146,779		5,143			(3,459)			3,467,151
Net non-operating revenues	305,827,428	49,495,497	96,739,624	32,678,000	30,071,066	37,414,406	4,972,512	8,966,471	15,043,851	10,015,499	10,894,289	11,592,087	8,494,971		622,205,701
Income (loss) before other revenues and exper	31,571,060	1,177,262	(2,721,887)	(30,050,000)	98,740	(3,858,136)	(20,415,580)	(482,778)	132,894	113,318	124,804	134,672	469,924		(23,705,707)
Other Changes in Net Position															
Capital appropriations	2,143,171					200,000								(493,171)	1,850,000
Capital grants and gifts	31,954,904	15,132,282	21,129	6,045,000	127,872	35,000			57,191			23,275	445,077		53,841,730
Adjustments to prior year revenues and expenses					(92,797)										(92,797)
Other	911,058	44,952		(2,054,000)	40,172		(493,171)		(178,080)	(1,894)				493,171	(1,237,792)
Total other revenues and expenses	35,009,133	15,177,234	21,129	3,991,000	75,247	235,000	(493,171)		(120,889)	(1,894)		23,275	445,077	0	54,361,141
Increase (decrease) in net position	66,580,193	16,354,496	(2,700,758)	(26,059,000)	173,987	(3,623,136)	(20,908,751)	(482,778)	12,005	111,424	124,804	157,947	915,001		30,655,434
Net Position, beginning of year	820,310,798	82,636,725	181,865,911	765,277,000	40,317,425	120,730,203	34,793,920	14,556,998	17,197,890	16,371,419	16,743,342	15,828,107	17,342,748		2,143,972,486
Adjustment due to GASB 68 (Note 21)	(7,920,215)	(2,753,925)	(5,148,364)	(8,012,000)	(2,889,268)	(678,387)	(81,032)	(2,460,389)	(1,259,169)	(2,236,471)	(2,457,458)	(3,000,875)	(1,378,195)		(40,275,748)
Net Position, beginning of year, restated	812,390,583	79,882,800	176,717,547	757,265,000	37,428,157	120,051,816	34,712,888	12,096,609	15,938,721	14,134,948	14,285,884	12,827,232	15,964,553		2,103,696,738
Net Position, end of year	$ 878,970,776	$ 96,237,296	$174,016,789	$ 731,206,000	$37,602,144	$116,428,680	$13,804,137	$11,613,831	$15,950,726	$14,246,372	$14,410,688	$12,985,179	$16,879,554	$ 0	$2,134,352,172

UNIVERSITY OF ARKANSAS
Statement of Cash Flows - Direct Method - By Campus
For the Year Ended June 30, 2015

	UAF	UAFS	UALR	UAMS	UAM	UAPB	SYSTEM	CCCUA	PCCUA	UACCB	UACCH	UACCM	ASMSA	Elimination (Note 18)	TOTAL
Cash Flows from Operating Activities															
Student tuition and fees (net of scholarships)	$ 188,413,009	$ 13,726,497	$47,880,074	$ 37,769,000	$ 9,853,028	$ 3,920,961		$1,375,839	$ 669,910	$1,086,363	$ 1,066,713	$ 2,999,565			$ 308,760,959
Patient and insurance payments				1,029,490,000											1,029,490,000
Federal and county appropriations	16,369,041														16,369,041
Grants and contracts	87,117,812	6,808,932	24,262,184	157,922,000	3,994,595	18,686,725	$ 15,000	1,481,238	5,419,290	1,530,730	1,854,880	1,787,631	$ 562,164		311,443,181
Collection of loans and interest	3,011,730			2,070,000	62,484										5,144,214
Insurance plan receipts							154,387,885							$(112,198,931)	42,188,954
Auxiliary enterprise revenues:															
Athletics	86,539,416	162,383	4,252,528		447,761	1,079,495		23,979							92,505,562
Housing and food service	31,991,043	3,142,057	5,937,455	9,159,000	1,834,816	7,943,602		65,694				180,588			60,254,255
Bookstore	12,877,934	436,407	281,751	541,000	427,344	151,670			73,750	221,813	45,372	574,304			15,631,345
Other auxiliary enterprises	11,547,603	151,248	1,569,450	2,928,000	456,385	253,910			88,929	99,019		31,230			17,125,774
Payments to employees	(352,328,055)	(34,878,169)	(93,561,169)	(703,400,000)	(20,279,948)	(31,511,193)	(5,482,373)	(5,782,730)	(10,028,382)	(5,862,981)	(5,561,107)	(7,688,464)	(3,398,697)		(1,279,763,268)
Payment of employee benefits	(95,153,791)	(9,224,081)	(24,259,560)	(164,645,000)	(5,829,606)	(8,287,319)	(1,423,778)	(1,724,041)	(3,371,424)	(1,828,453)	(2,233,619)	(2,723,055)	(1,136,914)	112,189,946	(209,650,695)
Payments to suppliers	(200,824,858)	(16,060,291)	(38,835,449)	(380,451,000)	(10,649,974)	(22,684,150)	(2,466,041)	(3,011,660)	(4,461,552)	(3,047,592)	(2,432,442)	(3,824,650)	(3,726,014)	3,867,486	(688,608,187)
Loans issued to students	(2,447,198)			(2,600,000)											(5,047,198)
Scholarships and fellowships	(21,250,689)	(5,468,092)	(15,095,930)	(1,169,000)	(7,524,014)	(5,265,639)		(1,454,482)	(1,787,717)	(1,495,763)	(2,817,545)	(2,350,303)			(65,679,174)
Payments of insurance plan expenses							(169,895,119)								(169,895,119)
Other receipts and payments	34,377,793	609,082	3,704,599	32,767,000	1,375,417	2,270,284	3,150,159	154,210	282,827	110,874	272,674	265,459	131,219	(2,687,629)	76,783,968
Net cash provided (used) by operating activities	(199,759,210)	(40,594,027)	(83,864,067)	20,381,000	(25,831,712)	(33,441,654)	(21,714,267)	(8,871,953)	(13,114,369)	(9,185,990)	(9,805,074)	(10,747,695)	(7,568,242)	1,170,872	(442,946,388)
Cash Flows from Noncapital Financing Activities															
State appropriations	205,745,146	23,869,198	68,415,587	24,726,000	18,534,689	27,309,289	4,806,747	4,735,594	10,336,093	4,989,281	6,431,644	6,300,620	8,401,343		414,601,231
Property and sales tax		5,856,141						1,110,202	2,134,711	1,291,058	1,393,201	771,935			12,557,248
Gifts and grants for other than capital purposes	117,725,051	22,428,140	31,784,987	16,815,000	12,030,417	10,777,110		3,210,310	2,893,766	3,774,571	3,232,966	4,585,887	45,129		229,303,334
Direct Lending, Plus and FFEL loan receipts	110,372,353	13,253,472	59,373,856	50,694,000	12,620,099	12,802,501				1,666,321		3,551,910			264,334,512
Direct Lending, Plus and FFEL loan payments	(110,368,343)	(12,949,888)	(57,325,328)	(50,741,000)	(12,767,913)	(12,890,584)				(1,672,295)		(3,551,910)			(262,267,261)
Other agency funds - net	150,118	195,971	828,537	(315,000)	28,401	(441,712)		(39)	(2,404)	15,295	(13,282)	(36,564)	3,632		412,953
Refunds to grantors		(1,557)			(44,000)										(45,557)
Net cash provided by noncapital financing activities	323,624,325	52,651,477	103,077,639	41,179,000	30,401,693	37,556,604	4,806,747	9,056,067	15,362,166	10,064,231	11,044,529	11,621,878	8,450,104		658,896,460
Cash Flows from Capital and Related Financing Activities															
Distributions from debt proceeds	70,774,651	247,195	20,932,441	104,335,000			500,000		5,143						196,794,430
Capital appropriations	2,143,171					200,000								(493,171)	1,850,000
Capital grants and gifts	27,771,693	14,953,542		6,045,000		35,000			57,191				445,077		49,307,503
Property taxes - capital allocation		15													15
Proceeds from sale of capital assets		997,587		109,000	4,596							16,008			1,127,191
Purchases of capital assets	(111,959,308)	(14,290,664)	(26,223,633)	(34,536,000)	(974,057)	(5,299,759)	(789,321)	(1,113,065)	(556,299)	(1,057,625)	(2,920,673)	(589,383)	(633,077)		(200,942,864)
Payment of capital related principal on debt	(27,087,062)	(5,071,757)	(6,987,321)	(122,442,000)	(980,253)	(1,241,979)	150,000	(524,531)	(297,037)	(549,627)	(629,450)	(419,692)	(150,000)		(166,230,709)
Payments of capital related interest and fees	(29,931,298)	(3,289,106)	(5,340,373)	(13,513,000)	(568,324)	(696,706)		(190,674)	(307,564)	(44,383)	(165,521)	(75,027)			(54,121,976)
Insurance proceeds		20,907													20,907
Payments to/from trustee for reserve		207,070													207,070
Net cash used by capital and related financing activities	(68,288,153)	(6,225,211)	(17,618,886)	(60,002,000)	(2,518,038)	(7,003,444)	(139,321)	(1,828,270)	(1,098,566)	(1,651,635)	(3,715,644)	(1,068,094)	(338,000)	(493,171)	(171,988,433)
Cash Flows from Investing Activities															
Proceeds from sales and maturities of investments	2,604,789	6,752,438	48,282	41,265,000	20,929	893,252				1,000,000		2,400,000			54,984,690
Investment income (net of fees)	475,163	71,452	1,221,486	(518,000)	9,716	30,176	19,092	4,667	17,568	26,995	689	9,122	48,499		1,416,625
Purchases of investments	(604,789)	(6,803,711)	(1,842,037)	(67,145,000)		(1,038,036)				(1,000,000)		(3,000,000)			(81,433,573)
Net cash provided (used) by investing activities	2,475,163	20,179	(572,269)	(26,398,000)	30,645	(114,608)	19,092	4,667	17,568	26,995	689	(590,878)	48,499		(25,032,258)
Net increase in cash	58,052,125	5,852,418	1,022,417	(24,840,000)	2,082,588	(3,003,102)	(17,027,749)	(1,639,489)	1,166,799	(746,399)	(2,475,500)	(784,789)	592,361	677,701	18,929,381
Cash, beginning of year	218,390,274	11,213,661	29,734,588	65,720,000	5,128,602	48,918,014	34,826,059	3,925,847	8,786,927	3,446,054	5,738,374	2,179,197	3,540,411	136,109	441,684,117
Cash, end of year	$ 276,442,399	$ 17,066,079	$30,757,005	$ 40,880,000	$ 7,211,190	$45,914,912	$ 17,798,310	$2,286,358	$ 9,953,726	$2,699,655	$ 3,262,874	$ 1,394,408	$4,132,772	$ 813,810	$ 460,613,498

UNIVERSITY OF ARKANSAS
Statement of Cash Flows - Direct Method - Continued - By Campus
For the Year Ended June 30, 2015

	UAF	UAFS	UALR	UAMS	UAM	UAPB	SYSTEM	CCCUA	PCCUA	UACCB	UACCH	UACCM	ASMSA	Elimination (Note 18)	TOTAL
Reconciliation of net operating revenue (loss) to net cash provided (used) by operating activities:															
Operating revenue (loss)	$(274,256,368)	$(48,318,235)	$(99,461,511)	$(62,728,000)	$(29,972,326)	$(41,272,542)	$(25,388,092)	$(9,449,249)	$(14,910,957)	$(9,902,181)	$(10,769,485)	$(11,457,415)	$ (8,025,047)		$(645,911,408)
Adjustments to reconcile net revenue (loss) to net cash provided (used) by operating activities:															
Depreciation expense	68,688,526	6,941,239	16,076,804	65,266,000	3,776,427	6,279,599	227,801	867,926	1,403,356	930,331	1,010,195	877,917	430,684		172,776,805
Other miscellaneous operating receipts	3,320,383				124		(346,392)								2,974,115
Adjustment to cash for amounts in transit within the system														$ 1,170,872	1,170,872
Change in assets and liabilities:															
Receivables, net	(252,431)	379,709	(782,162)	1,335,000	279,646	1,988,838	(2,178,407)	(50,114)	(6,512)	(30,184)	95,114	100,990	(13,446)		866,041
Inventories	936,195	26,250	(58,420)	(164,000)	20,146	21,321		(89,834)	(6,852)	(32,536)	(137,047)	70,738			585,961
Prepaid expenses and other assets	(660,465)	152,836	374,261	(2,160,000)	(19,506)	46,652	(45,800)	(21,757)	39,695	36,236	(861)	(15,457)	28,243		(2,245,923)
Accounts payable and other accrued liabilities	2,492,924	366,584	(148,092)	11,228,000	144,225	(744,277)	(274,372)	(30,407)	379,443	(3,584)	133,757	(145,983)	(13,187)		13,385,031
Unearned revenue	(1,208,120)	77,424	135,064	1,318,000	(20,048)	(8,338)	(43,655)	15,885	37,368	(11,602)		(22,996)	25,750		294,732
Liability for future insurance claims							6,276,000								6,276,000
Loans to students and employees	69,890														69,890
Refundable federal advance	(139,821)				(40,172)										(179,993)
Compensated absences	365,676	(163,835)	(194)	2,364,000	16,660	37,073	53,661	(9,508)	(32,853)	(62,142)	(28,195)	(45,510)	15,067		2,509,900
OPEB liability	1,489,549	123,015	454,706	3,269,000	130,078	238,450	26,624	41,897	80,037	54,410	5,353	91,986	26,766		6,031,871
Pension related	(610,048)	(179,014)	(454,523)	(1,104,000)	(146,966)	(28,430)	(21,635)	(146,792)	(97,094)	(163,824)	(113,905)	(201,965)	(43,072)		(3,311,268)
Other	4,900			1,757,000						(914)					1,760,986
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	$(199,759,210)	$(40,594,027)	$(83,864,067)	$ 20,381,000	$(25,831,712)	$(33,441,654)	$(21,714,267)	$(8,871,953)	$(13,114,369)	$(9,185,990)	$ (9,805,074)	$(10,747,695)	$ (7,568,242)	$ 1,170,872	$(442,946,388)
Non-Cash Transactions															
Capital gifts	$ 228,287	$ 220,116	$ 21,129		$ 127,872							$ 23,275			$ 620,679
Fixed assets acquired by incurring capital lease obligations				$ 10,731,000											10,731,000
Capital outlay and maintenance paid directly from proceeds of debt	564,083														564,083
Payment of bond proceeds/premium/accrued interest/debt service reserve directly into deposits with trustees/escrow	98,200,543	100							$ 11,363,995						109,564,638
Payment of bond issuance costs and underwriter's discounts directly from bond proceeds and/or debt service reserve	728,576								172,936						901,512
Payment of principal and interest on long-term debt from deposits with trustees	124,938	7,111	11,883						395,770						539,702
Interest earned on deposits with trustees		1,185	2,447		1				1,560	$ 1,358	$ 938				7,489
Payment on long-term debt directly from University of Arkansas Foundation, Inc. and Razorback Foundation, Inc.	214,188														214,188
Loss on disposal of assets	1,176,840	27,859	276,266		1,497	$ 59,785		$ 6,768	20	1,636		4,504			1,555,175
Valuation adjustment to capital assets		18,279		(238,000)						(1,894)					(221,615)